

MARKET deals sector light

FINANCIAL TIMES

Why small is not beautiful in Detroit, Page 10

EUROPE'S BUSINESS NEWSPAPER

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NEWS SUMMARY

GENERAL

Soviet forces chief to move

Marshal Nikolai Ogarkov, Chief of Staff of the Soviet Armed Forces...

Western military attaches in Moscow expect Marshal Ogarkov, 67, to be promoted to the post of Defence Minister...

Sweden's Foreign Affairs Council is to meet today to consider the country's worsening relations with the Soviet Union...

China reshuffle

Mr Hu Yaobang, the head of the Chinese Communist Party, plans to hold an early party congress next year...

Turkish workers

Mr Turgut Ozal, the Turkish Prime Minister, urged the EEC to stand by its plans to introduce free movement of workers...

N-cargo rescue

Divers prepared to retrieve the first barrels of nuclear material from the sunken French freighter Mont Louis...

Indian curfew off

Curfew was lifted in the south Indian city of Hyderabad after Hindu-Muslim violence subsided...

Community talks

A new effort to speed up negotiations to bring Spain and Portugal into the EEC will be made by Community foreign ministers...

French dissent

The French Communist Party further distanced itself from the Government after Prime Minister Laurent Fabius confirmed that there would be no relaxation of anti-inflationary measures...

Hirohito apologises

Emperor Hirohito formally expressed regrets to South Korea's president Chun Doo-Hwan for Japan's 33 years of colonial rule in the Korean peninsula...

Dali operation

Spanish surrealist painter Salvador Dali agreed to have an operation that might save his life after receiving burns in an accident at his estate...

Chile protest move

Chilean authorities will take legal action against the opposition and labour leaders who organised the two-day protest against General Augusto Pinochet's regime...

BUSINESS

BP has record quarter profit

BRITISH PETROLEUM, the UK's largest company, made record second-quarter profits of £306m (£391m), up £23m on the corresponding period in 1983...

DOLLAR eased in London to close at DM 2.943 (DM 2.925), SwFr 2.4615 (SwFr 2.485) FFf 6.035 (FFf 6.025) and ¥244.05 (¥244.75)...

STERLING gained 45 points against the dollar in London at \$1.2855. It also improved to DM 3.7875 (DM 3.785), FFf 11.645 (FFf 11.6125), SwFr 3.1825 (SwFr 3.155) and ¥213.75 (¥213.5)...

GOLD rose \$2.50 on the London bullion market to \$340.25. It also improved in Frankfurt to \$340.25 and in Zurich to \$340.75...

TOKYO blue chip stocks encountered selling, and the Nikkei-Dow market average fell 87.06 to 10,459.49.

LONDON equities underwent a reappraisal of export earnings potential. The FT Industrial Ordinary Index added 9.0 to 848.9.

WALL STREET: The Dow Jones industrial average closed 9.33 up at 1,218.88.

THE POSSIBILITY of a labour dispute in the U.S. motor industry moved a step closer when the United Auto Workers Union (UAW) said it had selected General Motors as a strike target.

U.S. MONEY SUPPLY: M1 fell \$700m to \$547.1bn in the week to August 27.

INTERNATIONAL price war in the 20-year-old market has prompted Du Pont, the world's largest chemical company, to pull out of the market.

LONDON Stock Exchange chairman Sir Nicholas Goodison criticised the Eurobond market for not having "the reputation for honesty that it should" in a wide-ranging attack on standards of regulation outside the UK exchange.

UK's current account of the balance of payments registered a £283m deficit in the second quarter of this year, largely because of higher oil imports...

EUROPEAN COMMISSION has taken Germany to court, claiming that its insurance rules violate the EEC's commitment to free trade.

COCKERILL-SAMBRE, Belgian steel group, yesterday reported a first-half operating profit of Bfr 378m (\$3.3m) against loss of Bfr 1.9bn in the same period of 1983.

NESTLE, Swiss-based food giant, might face a delay of as much as five months in the approval of the \$2.9bn bid for Carnation of the U.S. over the definition of a frozen chip.

OFFSHORE output in the third quarter is forecast by the International Energy Agency to fall by 1m b/d to 16.9m b/d, compared with the second quarter, and with 19m b/d in the same period last year.

Production difficulties in London may have resulted in typographical errors in unit trusts, some advertisements and elsewhere in today's edition.

IMF lifts growth forecast but fears 1985 slowdown

BY STEWART FLEMING IN WASHINGTON

THE INTERNATIONAL Monetary Fund (IMF) has revised sharply upwards its forecast for real economic growth in the industrial countries in 1984...

In a paper to be discussed by the Fund's executive directors today, the IMF staff says: "The current challenge to policy is to sustain and broaden the present recovery."

The IMF's assessment with its emphasis on the questions posed by the U.S. budget deficit and a soaring current-account deficit projected to rise from \$41.6bn in 1983 to \$115bn next year...

In discussing U.S. policy, the IMF once again pulls no punches. It says the budget deficit needs to be tackled to try to avoid the difficulties presented to the world by high U.S. interest rates...

World Economic Growth (real GNP %) table with columns for 1983, 1984 (forecast), and 1985 (forecast) for various countries.

stimulate their economies to offset the slowing expected in the U.S. "Although the policy strategy followed by the industrial countries in recent years has yielded substantial progress towards containment of inflation...

The report warns that even the relatively favourable real growth of 3.5 per cent forecast for the industrial countries next year, compared with 5.2 per cent for 1984, is "highly tentative."

The report identifies factors including the extraordinary level of interest rates, the precarious finances of some countries and the disparities between growth and fiscal policies among industrial countries, each of which might result in next year's performance being worse than projected.

Likud to keep control of key economic ministries

BY DAVID LEMONN IN TEL AVIV

ISRAEL'S ruling Likud Party will retain control of virtually all of the country's key economic ministries in a government of national unity whose outline was broadly agreed by party leaders yesterday.

It appears likely, however, that the crucial Finance Ministry portfolio will be transferred from the current minister, Mr Vidal Cohen-Orgad, to a more senior Likud politician.

This emerged after a possibly penultimate round of talks between Mr Shimon Peres, the Labour Party's Prime Minister-designate, and Mr Yitzhak Shamir, Likud's outgoing Premier.

Announcing agreement on the division of tasks of a national unity government Mr Peres said: "But for minor details we are in complete agreement about the composition of the government and the divisions of labour within it."

the government and the divisions of labour within it. What was left, he said, was to write down the policy guidelines and coalition agreements...

When Mr Shamir was asked whether all problems had been resolved, he replied: "Almost all, but there are still some problems that remain with regard to the composition of the government and its working methods."

He hoped that the joint government would be presented to the Knesset (parliament) by the second half of next week, once the coalition agreement had been approved by his party's central committee.

the coalition, but the left-wing parties will not because they believe that Mr Peres has betrayed Labour principles.

Labour's left-wing allies, Mapam, are expected to dissolve their decades-old political alignment. That decision will cut Labour's representation in the Knesset from 44 to 38. It could be trimmed even further if Mr Yossi Sarid, a prominent leftist minister, also carries out his threat to quit.

In the portfolio distribution, another possible Finance Minister candidate is Mr Yitzhak Modai, the leader of the Liberal Party in the Likud bloc. Mr Modai, currently Energy Minister, has long sought a Treasury post. Likud will also continue to hold the Industry and Trade portfolio as well as Housing, Labour and Transport.

Chris Sherwell looks at a new era in financial futures Singapore bridges a time gap

HARD EFFORT and difficult negotiations over 26 months reach a climax today with the grand opening of financial futures trading on the new Singapore International Monetary Exchange (Simex).

It is a historic occasion. Simex's novel link with the Chicago Mercantile Exchange (CME), allowing traders to open positions on one exchange and liquidate them on the other in separate trading sessions, opens the way to round-the-clock global futures trading.

For Singapore the arrangement is a tribute to its standing as an international financial centre and an essential asset for its future development. It also allows the island state to steal a march on cities such as Hong Kong and Sydney, which are planning financial futures exchanges.

The prospects for success are reckoned to be good. Corporations, institutions and banks use futures exchanges to hedge risks, and in the Gulf-to-Tokyo time zone have typically had to depend on Chicago, New York or London. That will change.

those risks, the opportunity to continue dealing while the U.S. sleeps begins today. The "mutual offset" facility is thus mutually beneficial.

It might also lead both to new types of futures contract, and to links with other exchanges, as general interest in futures grows.

Simex initially is offering four contracts. Trading will start today in a three-month Eurodollar interest-rate contract and a U.S. dollar/D-Mark foreign exchange contract.

Looking ahead, Simex hopes to offer a stock index futures contract, probably based on the Nikkei-Dow index of the Tokyo exchange, Asia's largest stock market. It is also examining an energy futures contract, reflecting Singapore's position as a leading world oil refining centre.

On Singapore's side, everything came under the ultimate control of the powerful Monetary Authority of Singapore (MAS), the island state's quasi-central bank.

It had already begun to clean up the country's unregulated gold trading, by winding up suspect commodity firms and restructuring its Gold Exchange as the proprietor of Simex. Such control was the key of forging the Chicago link and making it work.

The two sides signed a letter of intent in August 1983, 15 months after the first contract. Plans were made for a new exchange in a cavernous corner of the World Trade Centre, and a series of committees examined obscure technical details: the form of trading (open outcry), the precise wording of contracts, the criteria and obligations of three types of membership, the amounts of guarantees and margin pay-

ments. Negotiations between ambitious, proud Singapore and powerful, experienced Chicago have been tough, and the details more tricky to formulate than anyone at first imagined.

Table listing contents of the newspaper including sections like Italy: seeking someone to carry the diplomatic bag, U.S.: Mondale attempts to comeback, Israel: case for a special trade pact with the U.S., etc.

UK spells out terms for EEC cash crisis solution

By Quentin Peel in Brussels

BRITAIN last night outlined the broad elements of a deal it would be prepared to accept to resolve the looming cash crisis of the European Community.

The deal would involve agreement on rigorous measures for long-term budgetary discipline, particularly control of farm spending, a text of agreement on increasing the finances of the EEC in the future to avert similar budget crises, and firm assurances on the early repayment of budget rebates owing to Britain for 1983 and 1984.

The elements were set out by Mr Ian Stewart, the Economic Secretary to the Treasury and Britain's representative on the EEC Budget Council, as ministers from the 10 member states met in a renewed effort to agree on how to meet an Ecu 2bn (\$1.5bn) spending gap at the end of the year.

They were faced with renewed pressure to reach an agreement on extra financing from the European Commission itself, which took the first formal step towards suing the Council of Ministers before the European Court of Justice if it fails to approve a supplementary budget urgently.

Mr Stewart said Britain still wanted the overspending for 1984 to be reduced from the Ecu 1.35bn proposed by other member states to below Ecu 1bn. But he held out the prospect of British approval for some extra financing hitherto adamantly refused - if all the other elements can be agreed.

"If the other elements are approved, I would be willing to recommend the package. I have made it clear that we could not put the proposals to the British Parliament unless all the elements were in place."

The problem for the budget ministers is that long-term budget discipline will only be discussed by the full finance ministers' meeting next week, and the decision on increasing the overall community finances, by raising the value-added tax ceiling from 1986 or an earlier date, by the foreign ministers the following week.

The British proposals, however, open up the possibility of a compromise being agreed before the end of the month, to enable both the supplementary 1984 budget and the 1985 budget to be submitted to the European Parliament for approval in October.

Dublin tries to speed up enlargement talks, Page 3

Europe's steel products price set to rise

BY PAUL CHEESRIGHT IN BRUSSELS

THE EUROPEAN Commission is raising minimum prices for basic steel products from EEC plants by between 2.5 and 3.29 per cent from October 1.

The price increases, foreshadowed in July, are being imposed in the face of opposition from consumers, who will not be formally consulted about them until next Tuesday.

Details of the rises, announced yesterday, reflect satisfaction in Brussels about greater market stability. The engineering industry reacted by saying that the recovery remains fragile and should be confirmed before costs are pushed higher.

Under the crisis controls for the steel industry, the Commission is administering a system of production quotas and minimum prices to provide stability for the industry while it restructures.

It is seeking to edge prices upwards to reach guidelines, the breaching of which last year led to the introduction of price controls on January 1. That rise is the second this year.

"Consumers will be concerned about the Commission's apparent failure to take action to enforce existing minimum prices before seeking to push them up," Mr John Safford, director of the British Iron and Steel Consumers Council, said.

That is a reference to the sale, especially in France, of hot-rolled coil and cold-rolled sheet at discounts to the minimum prices. For those two products, the October rise is respectively 5.05 and 4.38 per cent.

Steel users are also angry that imported Swedish steel is not rising in price and that EEC producers are selling steel in Sweden at a lower price than in the EEC. Thus, it is alleged, EEC steelmakers are penalising their internal customers to favour their external customers.

The formal decision to raise prices will not be taken before the Commission has met the producers, consumers and unions in the consultative committee of the Coal and Steel Community.

Some consumers feel that, as the Commission has decided what it wants to do anyway, the consultation is a mockery.

Lloyd's has £43m underwriting loss

BY JOHN MOORE IN LONDON

THE LLOYD'S of London insurance market yesterday reported a loss of £43.5m (\$56m) for its underwriting account for the three years from 1981 - the first such loss since 1967.

Investment income earned on the funds at Lloyd's helped produce an overall profit of £151.9m, but this was more than 40 per cent down from the record level of £263.8m reported last year.

Problems at an underwriting agency under the management of Minet Holdings, one of the largest British insurance brokers, have reduced the published figures by £38m.

Mr Peter Miller, Lloyd's chairman, said yesterday the overall profit on the 1981 underwriting account might have reached £190m, the second highest in Lloyd's near 300 year history.

"If the recovery of certain monies by one of our largest syndicate groups had been finalised in time to have been included," He was referring to the Richard Beckett underwriting agency's allegation that more than £38m of funds belonging to underwriting members had been misappropriated by former executives.

In the 1981 underwriting account underwriters have built up reserves against possible claims arising from asbestos-related disease.

DECENTRALISED OFFICES advertisement for Fletcher King with details of office spaces in various locations like Uxbridge, Bracknell, Guildford, Woking, and Horsham.

EUROPEAN NEWS

Turkey pleads guestworkers' cause in Bonn

BY RUPERT CORNWELL IN BONN

MR TURGUT OZAL, the Turkish Prime Minister, yesterday implicitly urged the EEC to stand by its plans to introduce the free movement of workers from his country to the Community by the end of 1986—about which widespread reservations exist here.

Despite his insistence at a news conference that the matter was to be settled between Turkey and the EEC as a whole, the specific problem it would raise in West Germany have overshadowed the talks Mr Ozal has been holding with government and political leaders in Bonn.

Some 90 per cent of Turkish workers in the Community live in West Germany, and their 1.5m contingent represents a third of the total foreign workforce in the Federal Republic.

It is widely felt that the simple implementation of the 1986 agreement could open the gates to a new tide of Turkish immigration into the country. This in turn might

lead not only to higher unemployment, but increased animosity towards the Turkish community beyond that already existing in some West German cities.

Throughout his discussions, Mr Ozal has been careful not to add to the controversy. Although he expected further West German incentives to persuade Turkish workers and their children to return home, he would not be drawn on proposals favoured by Herr Friedrich Zimmermann,

the Interior Minister, to maximum permitted age for immigrant children accompanying their parents.

His design is not only to reduce the number of Turkish immigrants, but to increase the chances of children being "integrated" into the West German way of life.

Mr Ozal, meanwhile, confirmed discussions under way for the possible order of a DM 35m (£790m) nuclear power station from West German manufacturers, and the

purchase by Turkish airlines of an unspecified number of European Airbuses. Bonn is understood to be offering highly attractive terms, but the Prime Minister made clear that no decision had been taken.

Mr Ozal furthermore pledged Turkey's best efforts to work towards a solution of the Gulf war between Iran and Iraq. But he saw no chance of a negotiated settlement before 1985 at the earliest.

James Buxton on a shrinking Foreign Service

IT WAS the Italians—the ambassadors of Renaissance states such as Venice and Florence—who invented modern diplomacy. But their present-day descendants are very reluctant to follow in their footsteps.

The number of recruits to the Italian Foreign Ministry in the last few years has fallen so low that the diplomatic service is now operating at nearly 20 per cent below strength. The number of posts for diplomats abroad has been cut.

The Farnesina, the colossal edifice Mussolini started building on the north side of Rome to reflect Fascist Italy's imperial ambitions, seems more empty than ever. The situation is, in the words of a senior diplomat, "a disaster."

The Foreign Ministry has always stood out from the rest of the Italian civil service. While other ministries are usually dilatory and grossly inefficient, the men at the Farnesina have always seemed eager and diligent, sleek and discreetly effective both in implementing Italian foreign policy and, equally important, interpreting the labyrinthine political background against which it is formulated.

While the Foreign Ministry suffers, along with the rest of the Italian civil service, from abysmally low rates of basic pay, this used not to have much effect on the quality of recruits. The sons of prosperous families, who would have shunned other departments, were content to join the Foreign Service and rely on their private income to

Industry's big guns thin Italian diplomatic bag

supplement the official pay.

But all that has changed. The Ministry has cast its recruitment net rather wider while the good families are less willing to subsidise the state. The same number of people as before present themselves for the Ministry's very stiff examinations, but the best possible recruits have mostly been creamed off already by the big private companies like Fiat and Olivetti, or by the all-devouring banks.

Out of 28 posts on offer a year, the Farnesina has lately only been able to find suitable candidates for about 10. The result is that out of a theoretical establishment of 938 diplomats, there are now only 777. Covering for non-existent colleagues means exhaustingly long hours.

"How can we compete with the private sector when we are offering new recruits from £700,000 or £800,000 a month (£300 to £350) against three times as much?" asks one official. Even a diplomat of ambassadorial rank gets basic pay of only about £1,000 a month.

Naturally, diplomats posted abroad get allowances which substantially boost their income, especially in the less agreeable posts. But when they come back to Rome (which they must do more often as jobs abroad are cut) they not only have to put up with low pay, but with the immense difficulty of renting property in the capital, and paying for suitable schools for children who have been educated in a foreign language abroad (since there are few Italian schools in foreign capitals).

To the problem of pay and conditions has to be added the problem common to most diplomatic services—that the diplomat's job is perceived to be less rewarding than in the past because more inter-governmental

Joint fund would create jobs to lure Yugoslavs home

BY ALEKSANDAR LEBL IN BELGRADE

THE BELGRADE and Bonn Governments, after several years of discussion, are nearing agreement on a novel scheme to finance the creation of jobs for Yugoslav workers returning from West Germany. The aim of the joint fund, totalling DM 5m (£1.3m) initially, would be to accelerate the Yugoslav exodus from the Federal Republic without adding to the debt queue in Yugoslavia.

Over the past two years, Bonn has offered foreign workers repatriation bonuses of DM 10,500 (£2,763) each, but only a few hundred Yugoslavs took up the offer before it expired. The main target of this

scheme were Turkish workers, and the number of Yugoslav guestworkers has in any case declined steadily from 535,000 in 1973 to 315,000 last year, and still fewer this year.

But the number of Yugoslav family dependents in West Germany has risen, while many of the workers themselves are drawing unemployment benefit. Thus, both Bonn and Belgrade agreed earlier this year at ministerial level on the need for further inducement for Yugoslavs to return home for better job prospects when they get there. Officials have still to thrash out precisely who should benefit and on what terms.

Each government would contribute half the fund's initial capital worth, and the scheme would be run by a body with the wordy title, even by Yugoslav standards, of the "Fund for Increasing Employment in the Economically Underdeveloped and Markedly Migratory Regions."

Belgrade envisages that money from other sources, such as Yugoslav commercial banks and government regional funds, as well as foreign joint venture capital, should supplement the scheme.

However, the two governments have several ideological and practical differences over the nature of the job creation

loans. Bonn wants to restrict lending to promote only private businesses, even though the distinction between private and public sectors is sometimes very blurred in Yugoslavia by the self-management system.

Belgrade insists that the "socialised" or public sector should also benefit from any loans, pointing out that many returning workers have few additional savings with which to start their own businesses, and that in any case most former guestworkers have found jobs in the public sector.

Not surprisingly, the two governments differ on loan terms, with the Yugoslavs arguing for long grace periods and maturities and for low interest rates.

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NATIONAL SAVINGS

Communist party urged to toe the Moscow line

MOSCOW—The Soviet Union yesterday urged the Italian Communist Party to revert to orthodox pro-Moscow policies, in an article praising the staunch loyalty of its post-war leader, Sig Palmiro Togliatti.

The weekly New Times said Sig Togliatti, who died 20 years ago, had understood that "solidarity with the Russian Revolution" was the only basis on which a true Communist party could develop.

It reminded the Italian party its former leader had stood for "proletarian internationalism," meaning acceptance of Moscow's leadership in the Communist movement, and had taught that other parties must learn from Soviet experience.

The Soviet Communist Party, it said, was trying to maintain this legacy, and it indicated disappointment that present Italian Communist leaders were not doing the same.

Moscow denounced Sig Enrico Berlinguer, the Italian Communist chief who died last June, for his independent Eurocommunist line and his sharp criticism of Soviet domestic and foreign policy.

Sig Alessandro Natta, the new leader, has said he will continue the course set by his predecessor. Last July he said he would not make any "pilgrimages" to the Soviet Union or other Communist states.

In common with Sig Berlinguer's view, he also declared that it was right for Italy to belong to Nato.

New Times recalled that Sig Togliatti had strongly opposed Italy's membership of Nato and said he had demonstrated that this damaged the country's interests.

The row between the Kremlin and Sig Berlinguer reached a pitch in early 1982 after he attacked the imposition of martial law in Poland and described the Soviet system as obsolete.

A series of Soviet Press articles accused him of taking an anti-Communist position and sympathising with "imperialism".

Athens buzzes with early general election reports

BY ANDRIANA HERODIACONOU IN ATHENS

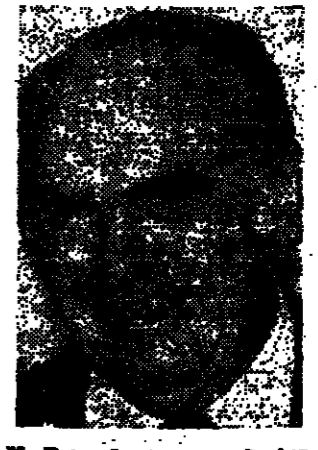
SPECULATION WAS rife here yesterday that the Greek Socialist Government might call an early general election in November, as Mr Andreas Papandreu, the Prime Minister, began a three-day retreat on Crete to review his options.

Talk of early elections is not unusual in Greece's volatile political arena and the Government's decision is by no means certain. The best argument against that is it will need President Constantine Karamanlis's approval—and he is reportedly not keen on the idea. The Government, nevertheless, could force the issue by resigning.

Mr Papandreu's absence from Athens is being described officially as a short holiday, and, in public, the Government has stuck to its line that an election will be held at the end of the four-year term in October, 1986.

It has not escaped attention, however, that Mr Papandreu only recently ended an August holiday. Furthermore, his present trip was decided hot on the heels of the election last weekend of Mr Constantine Mitsotakis, a tough Cretan politician, as leader of the Conservative New Democracy Party.

The Prime Minister gave the impression of having been shaken by Mr Mitsotakis's election when he denounced his rival as "a traitor" and "a nightmare" in an emotionally charged speech, on Greek television last Sunday. Mr Mitsotakis is widely felt to be the man most likely to give the Socialists a tough fight in the next general election.



Mr Papandreu... reviewing his options on Crete.

Some of Mr Papandreu's supporters are now said to be pressing to ambush the Conservatives at an election this autumn before Mr Mitsotakis has had a chance to put New Democracy back on its feet.

Apart from securing the President's approval the Government must also fulfil a promise to revise before the next election Greece's electoral law which favours larger parties. The Minister of the Interior who will be responsible for drafting a new law is to join the Prime Minister on Crete.

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DESCRIPTION
1 National Savings Deposit Bonds ("bonds") are Government securities issued by the Treasury under the National Loans Act 1968. They are registered under the National Savings Stock Register and are subject to the Statutory Regulations relating to the National Savings Stock Register for the time being in force, so far as these are applicable. The principal of, and interest on, bonds are a charge on the National Loans Fund.

PURCHASE
2 Subject to a minimum purchase of £250 (see paragraph 3) a purchase may be made in multiples of £50. The date of purchase will for all purposes be the date payment is received, with a completed application form, at the National Savings Deposit Bond Office, a Post Office trading counter, National Savings Bank, business or such other place as the Director of Savings may specify.

2.2 A certificate will be issued in respect of each purchase. This certificate will show the value of the bond and its date of purchase. This certificate will be replaced on each anniversary of the date of purchase, and on part repayment in accordance with paragraph 5.2, by a new certificate showing the updated value of the bond including capitalised interest.

MAXIMUM AND MINIMUM HOLDING LIMITS
3.1 No person may hold, either solely or jointly with any other person, less than £250 in any one bond or more than £50,000 in one or more bonds. The maximum holding limit will not prevent the capitalisation of interest under paragraph 4.3 but capitalised interest will count towards this limit if the holder wishes to purchase another bond. Bonds inherited from a deceased holder and interest on such bonds will not count towards the maximum limit. Bonds held by a person as trustee will not count towards the maximum which he may hold as trustee of a separate fund or which he or the beneficiary may hold in a personal capacity.

3.2 The Treasury may vary the maximum and minimum holding limits and the minimum initial purchase from time to time, upon giving notice, but such a variation will not prejudice any right enjoyed by a bond holder immediately before the variation in respect of a bond then held by him.

INTEREST
4.1 Interest will be calculated on a day to day basis from the date of purchase up to the date of repayment. Subject to paragraph 4.2 interest on a bond will be payable at a rate determined by the Treasury, which may be varied upon giving six weeks notice.

4.2 The rate of interest on a bond or part of a bond repaid before the first anniversary of the date of purchase will be half the rate determined by the Treasury in accordance with paragraph 4.1, unless repayment is made on the death of the sole bond holder.

4.3 Interest on a bond will be capitalised on each anniversary of the date of purchase without deduction of income tax, but interest is subject to income

tax and must be included in any return of income made to the Inland Revenue in respect of the year in which it is capitalised.

REPAYMENT
5.1 A holder must give three calendar months' notice of any application for repayment before redemption, but no prior notice is required if application is made on the death of the sole bond holder. Any application for repayment of a bond must be made in writing to the National Savings Deposit Bond Office and be accompanied by the current investment certificate. The period of notice will be calculated from the date on which the application is received in the National Savings Deposit Bond Office.

5.2 Application may be made in accordance with paragraph 5.1 for repayment of part of a bond, including capitalised interest, but the amount to be repaid must not be less than £50 or such other figure as the Treasury may determine from time to time upon giving notice. The balance of the bond remaining after repayment, excluding interest which has not been capitalised, must be not less than the minimum holding limit which was in force at the date of application. Where part of a bond has been repaid a new certificate will be issued and the remaining balance will be treated as having the same date of purchase as the original bond.

5.3 Payments will be made by crossed warrant sent by post. For the purpose of determining the amount payable in respect of a bond the date of repayment will be deemed as the date on the warrant.

5.4 No payment will be made in respect of a bond held by a minor under the age of seven years, either solely or jointly with any other person, except with the consent of the Director of Savings.

TRANSFERS
6 Bonds will not be transferable except with the consent of the Director of Savings. The Director of Savings will, for example, normally give consent in the case of devolution of bonds on the death of a holder but not to any proposed transfer which is by way of sale or for any consideration.

NOTICE
7 The Treasury will give any notice required under paragraph 3.2, 4.1.5.2 and 4.1.5.3 in the London, Edinburgh and Belfast Gazettes or in any manner which they think fit. If notice is given otherwise than in the Gazette, it will as soon as reasonably possible thereafter be recorded in them.

GUARANTEED LIFE OF BONDS
8 Each bond may be held for a guaranteed initial period of 10 years from the purchase date. Thereafter, interest will continue to be payable in accordance with paragraphs 4.1 and 4.3 until the redemption of the bond. The bond may be redeemed either at the end of the guaranteed initial period or on any date thereafter, in either case upon the giving of six months' notice by the Treasury. The Director of Savings will write to the holder before redemption, at his last recorded address, informing him of the date of redemption.

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Postcode:		

Note: If the bond is to be held jointly the names and addresses of all holders should be entered. The Investment Certificate and all correspondence will normally be sent to the first named holder, unless 7 (a) is ticked.

NAME AND ADDRESS TO WHICH DEPOSIT BOND SHOULD BE SENT
(Complete only if different from first address above)

Name: _____
Address: _____
Postcode: _____

Signature: _____ Date: _____

Note: If the bond is to be held jointly, all the parties must sign above. Persons signing for children under 7 should also state relationship here.

EUROPEAN NEWS

Belgian bid to breathe more life into Benelux

By Paul Cheswright in Brussels

THE BELGIAN Government has launched a campaign to rejuvenate Benelux, the economic union of Belgium, Luxembourg and the Netherlands.

The campaign started at the 40th anniversary celebrations of Benelux, held in Breda, with a speech by Mr Leo Tindemans, the Foreign Minister, aimed at adding a stronger political dimension to the economic structure.

Underlying Belgian diplomacy is the fear that the smaller countries in the European Community could be swamped by the development of a stronger Franco-German axis.

"There is a developing tendency to make a distinction between two categories of country according to their size. We must react against this development and we must ask ourselves if we cannot show more dynamism by collaborating more closely and showing more initiative," said Mr Tindemans.

This would involve extending informal habits of loose Benelux co-ordination of positions before EEC Council of Ministers meetings.

In this context too, Mr Tindemans wants to re-establish Benelux as a kind of EEC laboratory. What Benelux does first, the EEC as a whole does later.

The Benelux customs unions, fore-shadowed in talks in London during the Second World War, preceded that of the EEC. More recently, the Benelux countries have introduced a single administrative document for their own cross-border trade. The EEC is still haggling over its own.

Mr Tindemans revived the lead of Benelux having its own diplomatic missions, pleaded for more sectoral co-operation in industry and deplored the running down of the Benelux bureau of trade marks.

But he also conceded that greater co-operation had been stalled in the past by fears of the French-speaking population in Belgium that it would be put at a disadvantage by tighter links between Dutch-speaking Flanders in the north of Belgium and the Netherlands itself.

Dublin tries to speed up EEC enlargement talks

BY QUENTIN PEEL IN BRUSSELS

AN EFFORT to speed up the negotiations to bring Spain and Portugal into the European Community will be made by EEC foreign ministers in Dublin next week following a virtual stalemate at the latest round of talks in Brussels.

An unscheduled informal meeting of the ministers has been called by the Irish Government, current president of the Council of Ministers, in an attempt to give greater political impetus to the negotiations. These are bogged down by disagreement on a whole range of problems.

The meeting was announced yesterday following publication of a demand by Herr Hans Dietrich Genscher, the West German Foreign Minister, for the Irish Government to show more urgency over the whole negotiations — criticism which was ill-received in Dublin.

An Irish spokesman said the ministers would be expected to make a "political assessment" of the state of the talks. The whole process was supposed to be completed by the end of the month, to enable formal accession by January 1, 1986.

West German officials had been quoted earlier as saying that "playing for time in such a matter is unacceptable," in spite of the fact that Mr Peter Barry, Ireland's Foreign Minister, has been particularly outspoken in urging other EEC members to settle their internal differences to enable the enlargement talks to progress.

The Ben have failed to agree among themselves, on three key areas — production of wine, olive oil, and fisheries — let alone reach agreement with the aspirant members.

Italy and Greece are opposed to measures to control overproduction of olive oil. Italy opposes similar measures on wine proposed by France, while accession of the Spanish fishing fleet causes problems for several member states, including France and Britain.

Relations between Ireland and West Germany have also been temporarily soured by apparent disagreement over the composition and role of the so-called new Spaak Committee, supposed to be discussing the broad pattern of future European development. A first meeting of the committee scheduled to take place yesterday was postponed at the last minute for "further consultations."

Sweden to lift ban on foreign banks

By Kevin Done in Stockholm

THE SWEDISH Government is planning to legislate as soon as possible to permit foreign banks to set up banking operations in Sweden. Mr Kjell-Olof Feldt, the Finance Minister, said yesterday.

Sweden is virtually the only country in Western Europe that still forbids foreign banking operations, but is expected to remove these restrictions next year, probably allowing foreign banks to enter the market in 1986.

A government appointed committee has been studying reforms in the structure of the credit market for several months. Its report is expected at the end of the month, but Mr Feldt said yesterday that "it will suggest that foreign banks will be allowed to establish subsidiary banks in Sweden."

Many Swedish banks operate abroad, he said, and the principle demanded that foreign banks should also be allowed to operate in Sweden.

The number of banks would be limited initially, however. "There has to be some sort of rationing at the start, this is a small market," said Mr Feldt.

There is less chance of an early move to allow foreign banks to take a shareholding in Swedish banks. "No swift action" would be taken, said Mr Feldt.

Last week Skandinaviska Enskilda Banken, Sweden's leading bank, announced plans for a limited share swap — legislation permitting — with two of its Nordic neighbours, Union Bank of Finland and Bergen Bank of Norway, but this formal part of their co-operation plans could well have to be postponed for the foreseeable future.

The Government, meanwhile, is to meet union and employers leaders on Thursday in a further attempt to gain acceptance of a 5 per cent wage norm next year, or a 3 per cent next year. Mr Feldt said yesterday that he was "rather optimistic."

PM'S TOUGH ECONOMIC LINE DEEPENS RIFT

Communists turn backs on Fabius

BY DAVID HOUSEGO IN PARIS

THE FRENCH Communist Party distanced itself further from the Government yesterday to show its displeasure at Prime Minister Laurent Fabius's confirmation on television that he will pursue rigorously an anti-inflationary programme.

In his broadcast M Fabius said he considered the Communists to be part of the Government's parliamentary majority even though they had left the coalition. For the first time yesterday, however, two members of the politburo declared that the Communists could no longer be considered so.

After the Communists pulled out, M Charles Fiterman, who had been the most senior Communist minister, said their attitude was to support the Government without being a member of it.

Their deepening rift with the Socialists was emphasised by the damning terms in which L'Humainite, the Communist party newspaper, yesterday described M Fabius's broadcast. His approach, it said, could be summed up as a pursuit of the "austerity" measures which had been implemented by successive French governments over the past 10 years. The policy was wrong and an alternative existed which would produce more, not less wealth.

The blast from the Communist party comes on the eve of the Fete de L'Humanite, the main popular event in the Communist calendar, at which the leadership is expected to try to stiffen rank and file resistance to government policies. M Henri Krasucki, secretary general of the Communist-led CGT union, spoke this week of bringing 2m people out on the street in a demonstration — a display of strength well beyond the Communists' present capability.

By contrast, the right-wing and centrist opposition parties were disconcerted by M Fabius's conciliatory approach and by his orthodox economic policies. However, M Yvon Gattaz, the normally critical head of the employers federation, said it marked a shift to realism.

The Prime Minister offered concessions to the opposition over the Press law, the proposal for a referendum on civil liberties and over the removal of surtax. He held out no illusions about an improvement in France's economic growth rate but put the emphasis on bettering companies' performance and hence boosting exports. He announced an expansion of training programmes to soften the blow of unemployment.

IEA forecasts decline in total Opec oil production

BY RICHARD JOHNS

THE TOTAL output of the Organisation of Petroleum Exporting Countries will be 16.9m barrels a day in the third quarter compared with 17.9m b/d in the April-June period, according to the International Energy Agency's monthly market report.

The IEA reckons nevertheless that supplies to the non-Communist world will still exceed demand by 500,000 b/d.

As yet the Agency is unable to account for the whereabouts and destination of the surplus, but the volume is very much less than the 2.1m b/d calculated for the second quarter of 1984. This was responsible for the rapid fall in spot prices in the second half of July.

An increasing proportion of excess production is evidently in floating storage. Howard Houlder, the ship brokers, calculate that, at the beginning of September, 95 vessels totalling 21m deadweight tonnes were employed for this purpose, compared with 88 amounting to 17.7m dwt on June 1.

The IEA notes that the absence of any build-up of stocks by companies in the OECD area continues the pattern apparent since 1979. It is estimated that their inventories on October 1 will be the equivalent of 76 days forward consumption, the lowest level for five years. At the same point of 1983, it was 81 days.

OECD oil consumption is reckoned to have been 2 per cent up in the second quarter of 1984 compared with the same period of last year. The growth rate for the U.S. and Canada was reported to be up by 3.5 per cent, but for West Europe it was down by 1.3 per cent.

Civil servants want shorter working week

By Our Bonn Correspondent

The OETV civil servants union in West Germany yesterday formally tabled an ambitious pay and hours claim which might presage further labour tensions here this autumn.

The union, with 1.2 members, is second only to the IG Metall engineering union in size. It is seeking a 5 per cent flat pay increase, coupled with extra paid holidays which would amount to a cut in the working week from 40 to 38.5 hours.

The wage claim is well above the 3.3 per cent standard in other negotiations this year, and which was a component of the settlement ending the seven-week engineering strike earlier this year.

As such, it is likely to be vigorously opposed by the Government in its role of employer. Bonn has been talking of a "zero pay round," implying no increase beyond that of inflation — now down to a 15-year low of just 1.7 per cent.

UK and W. German parts exchange plan

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN LONDON

BEDFORD, General Motors' UK subsidiary, and MAN of West Germany, are having preliminary talks about an exchange of truck parts.

Bedford might use MAN's heavy truck front and rear axles, while the West German company would buy a Bedford cab model.

Both companies have a relatively small output of heavy trucks — about 17,000 each last year. They have run up large losses during the worldwide slump in truck demand and could benefit from the economies of scale which would arise if the deal was completed.

Bedford's loss was over £50m (\$84m) last year. MAN's parent Gutehoffnungshütte (GHH), West Germany's major engineering group, announced recently that MAN had reduced its operating loss of DM 329m (\$111.5m) for the year to June 1983 by about a third in the subsequent 12 months.

A GHH spokesman said yesterday that exploratory talks began in the early summer.

Car sales hit by uncertainty over exhausts

FRANKFURT — Uncertainty over West German Government plans to lighten car exhaust emission standards is the major reason for a decline in new car registrations this year, said Herr Fritz Haberl, president of the West German car service and dealers' association, ZDK.

Herr Haberl told a press conference ahead of next week's "Automechanika" trade fair in Frankfurt that new registrations were showing a downward trend even before this summer's seven-week strike that stopped production at major West German car manufacturers.

The Bonn Government originally planned to require cars to be fitted with catalytic converters from January 1986.

The West German car industry has proposed to the Government that 20 per cent of its 300 models be fitted with converters to cut exhaust gases by October 1986, rising to 70 per cent by 1988.

Herr Haberl said that irrespective of the strike — which he estimated cost production of 420,000 vehicles — customers had been reluctant to buy new cars due to uncertainty over exhaust standards.

Inflation drops sharply to 1.7%

INFLATION dropped sharply in West Germany last month to stand at just 1.7 per cent at an annual rate, the lowest level since February 1969 writes Rupert Cornwall in Bonn.

According to the Federal Statistics Institute in Wiesbaden, retail prices fell by 0.2 per cent in August compared with the preceding month. If special seasonal produce had been excluded, the yearly increase would have been even smaller, at only 1.5 per cent.

Even so, experts expect inflation to remain at under 2 per cent for the next few months, despite the pressure that the soaring dollar should exert on import prices. The Government seems certain to improve on its previous forecasts that inflation would stay at 3 per cent in 1984, unchanged from 1983.

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AMERICAN NEWS

Canadian investors warned not to expect dramatic changes

BY BERNARD SIMON IN TORONTO

MOST CANADIAN businessmen predict a significant improvement in investor confidence following this week's landslide election win by the Progressive Conservative Party. However, voices of caution have begun to warn that policy changes initiated by Mr Brian Mulroney's new Government may be less significant and slower to materialise than the protagonists of change may wish.

The incoming Government, expected to sworn in within the next fortnight, is likely to give an early indication of its economic strategy in a budget which senior party officials say will be presented during November. The present frontrunner among candidates for the Finance Minister's post is Mr Michael Wilson, 46, a former Toronto investment dealer who served as Minister of International Trade in the short-lived Tory minority government of 1979-80. Mr John Crosbie, Finance Minister in the minority government, is expected to be given another senior cabinet post.

Mr Brian Mulroney seems certain to include in his cabinet several of the 58 new MPs from Quebec, where the Conservatives had only one MP before the election. Among the leading candidates are Mr Robert De Cotret, Minister of Industry and Economic Development in the 1979 government, and Mr Marcel Masse, currently a vice-president of the international engineering group Lavallin.

The business community is awaiting with particular interest an indication of the new Government's policies on foreign investment, energy and government spending.

Before the election, Mr Mul-

CANADA'S National Energy Board has approved the first new export of natural gas to the U.S. since the Government deregulated export prices two months ago to boost Canadian producers' competitiveness in the U.S. market.

The board has authorised Suspetro, a Calgary company, to sell 50m cu ft of gas to a Houston-based utility. The approved selling price of US\$3 per British Thermal Unit is 15 cents below the floor price which applied to exports before deregulation.

rony promised that the screening process for new foreign investment would be relaxed to encourage new inflows, but few details have yet been given. Mr Rowland Frazier, Chairman of Royal Bank, Canada's largest banking group, has urged the new Government not to abolish the Foreign Investment Review Agency, the body which vets new investments. Among possible changes are a significant increase in the cut-off value of new investments subject to official approval.

The share prices of integrated oil companies have risen significantly on the Toronto Stock Exchange in recent months, reflecting expectations of a relaxation in the governmental National Energy Programme, implemented in 1980 to increase Canadian participation in the domestic oil and gas industry.

An oil industry executive cautions yesterday that "the changes are likely to be significant, but they may not be massive or immediate. It isn't all going to change from thorns to roses."

Reginald Dale, U.S. Editor in Washington assesses the chances of the underdog

Can Mondale claw his way to victory?



The underdog wins—a victorious Truman holds up an erroneous 1948 newspaper headline.

MR WALTER MONDALE has had a terrible week. While President Ronald Reagan has been swinging at a leisurely, legal pace across the country to launch his re-election campaign, his Democratic challenger has not seemed to be able to put a foot right.

Mr Mondale's symbolic campaign debut at a Labour Day parade in New York on Monday morning turned into a fiasco when he showed up several hours before a smallish crowd finally materialised. During the week he has been soaked by sudden rain showers, suffered humiliating microphone failures and distracted by fainting women and angry Republican protesters at his campaign rallies.

Without great success, Mr Mondale has tested a whole range of themes in his increasingly desperate attempt to find a hard issue on which to confront a Mr Reagan who is running so cheerfully on his record that he has often in the past few days appeared to give the impression that Mr Mondale might as well not exist.

Mr Mondale's fumbling campaign staff are now on the "don't panic" stage of trying to persuade themselves that, with two months still to go to the election, all is not yet lost. It can, they keep telling themselves, still be done. But it can. Underdogs have come through to win before. Any politician can be beaten.

Mr Mondale's people are summoning up folk memories of Mr Harry Truman's triumph of November 1948 after he had been totally written off by the majority of the country's political pundits.

But the events of this week seem to have demonstrated once again that the only way that Mr Mondale can win this election is for Mr Reagan to throw it away, or "blow it," in the local parlance.

Defenders of Mr Mondale maintain that he has been badly advised, that his staff have let him down, that it's not his fault if he "advance" people and those in charge of his scheduling have made mistakes.

But that is not really good enough. The sort of self-confident, conservative Americans to whom Mr Reagan has been appealing this week expect things to go right, not wrong. And the man at the top is ultimately responsible. Mr Mondale's people now seem overly defensive, panicky and out of control of events.

The latest opinion polls give Mr Reagan leads ranging from 12, 15, to well over 20 percentage points. At this stage in 1948, the polls gave Mr Truman 39 per cent against 47 per cent for his Republican rival, Governor Thomas Dewey of New York.

When Mr Truman was nominated by a reluctant Democratic Party in the summer of that year, one leading U.S. magazine wrote: "The prospects of Republican victory are now so overwhelming that an era of what will amount to one party may well impend." That is roughly what Mr Reagan has been talking about this week,

yet unforeseen event has to overturn him.

It is now probably too late for the economy to collapse in a dramatic enough way to produce the "heart attack" effect by November 6. There could be a foreign crisis that Mr Reagan cannot handle—say, in the Middle East or Central America. But over almost four years in office he has not shown himself particularly vulnerable in that sphere, even when things have gone disastrously wrong, as they did with last year's slaughter of U.S. marines in Beirut.

Some Republican strategists confess to puzzlement that Mr Mondale has not gone for Mr Reagan's jugular, for a style of leadership that is bold, "war-like" and exceedingly casual by hard-working American standards.

Mr Mondale appears to be pinning his hopes on the impact of the television debates to which he has challenged Mr Reagan. The White House will not accept the six, issue-orientated debates that Mr Mondale has proposed, but will probably agree to two.

That should be enough, the White House believes, to show that Mr Reagan is in control of events in a presidential manner, without risking his getting tripped up by too many "cute" questions by his challenger. Here again, Mr Mondale's supporters are looking for an historical precedent—that of John F. Kennedy, who came from behind to upset Mr Richard Nixon in the TV debates of 1960.

Mr Reagan, nevertheless, has managed to turn presidential incumbency from the disadvantage it has been seen as in the last decade into a major political asset. But as the TV commentators have started counting down the minutes of Mr Mondale's remaining time on the air, it is an old baseball adage, "It's not over till it's over." They might add that it's almost invariably closer than expected.

Mr Truman suffered similar misfortunes to those that have befallen Mr Mondale this week. When he appeared at his party's convention, his supporters released 50 doves as a symbol of peace. One of the birds bumped into the balcony and fell dead to the floor. "A dead pigeon," said one delegate, looking straight at Mr Truman.

The country was so sure that Mr Dewey would be elected that the story was even printed in advance. "Dewey defeats Truman," announced an historically notorious headline in the Chicago Tribune on election night. When Dewey finally conceded he said that he felt like the man who woke up to find himself inside a coffin with a

weel.

Mr Mondale said that he was astonished that the Republican Party seemed to be attempting to dismantle the "wall" between church and state in the U.S., rather than allow people their own private beliefs.

Mr Mondale said that a "determined band" was reaching for government power to impose beliefs on other people. "The Reagan Administration, he charged, had opened its arms to them.

MR WALTER MONDALE yesterday finally launched his attack on President Reagan's apparent adoption of religion as an election campaign theme, declaring that most Americans would be surprised to learn that "God is a Republican."

Mr Mondale chose a Washington Convention of the B'Nai B'Rith American Jewish group to raise the politically risky issue, about which he has been agonisingly reflecting for the past

When Mr Reagan was nominated by a reluctant Democratic Party in the summer of that year, one leading U.S. magazine wrote: "The prospects of Republican victory are now so overwhelming that an era of what will amount to one party may well impend." That is roughly what Mr Reagan has been talking about this week,

Death toll in Chile rises to seven

By Mary Helen Spooner in Santiago

THE DEATH toll on the second day of the 48 hour protest against the Chilean re-removal of General Augusto Pinochet rose to seven as the authorities announced they would take legal proceedings against the opposition and labour leaders who organised the actions.

St Sergio Jara, the Interior Minister, said the Government would use Chile's courts to take legal action against "those responsible for the damage," but would not invoke the special powers the country's authoritarian constitution grants General Pinochet in dealing with perceived security threats.

Those killed in the two days of protest include a French priest, Father Andre Jarlan and the local director of the Chilean National De Informaciones (CNI). Chile's security police organisation, who was shot and killed during a confrontation with demonstrating university students in the northern mining town of Copiapo.

The commander of the Santiago military garrison did not order a curfew for the capital on Wednesday night, but for the second day in a row the streets began emptying and storekeepers began closing their doors by the early evening. Chile's Retail Merchants' Association had called on its members to close its doors early on Wednesday, and by dusk at least two of its shops in Santiago had closed.

The increasing political tensions in Chile arising from the protest are likely to continue over the next few days, as funerals for those killed during the two day protest begin.

The seven killed during this week's protest bring the total killed during Chile's anti-government protests, which began in May of last year, to 72.

"U.S. backs freedom fighters"

By Our U.S. Editor in Washington

TWO SELF-APPOINTED "freedom fighters" against communism in Central America yesterday claimed they had the connivance of the U.S. Government, though not its active support—in a freelance military campaign against the left-wing Sandinista Government of Nicaragua.

U.S. authorities denied giving any official backing to the "Civilian Military Assistance" group founded by Vietnam veterans. Two CIA members were killed when the group was shot down in Nicaragua at the weekend.

The Nicaraguans charged that the Americans were "CIA mercenaries." But the State Department said that the CIA members had received no more than marginal assistance from U.S. embassies in the region in getting in touch with local governments.

The Washington Post yesterday quoted one member of the group as saying that he had written to General Alvarez Martinez, the former Honduran military strongman, last November.

He was, he said, "ticked plain" when he got a letter back inviting the group to visit the region. It led to a series of expeditions, in which the American volunteer supplied military equipment to the Nicaraguan "contra" rebels.

Bill would boost U.S. shipbuilding

The U.S. House of Representatives has passed legislation to revitalise the U.S. shipbuilding industry through tax subsidies. The Bill sent to the Senate on a voice vote, would authorise \$200m in subsidies in the year beginning October 1 to encourage construction of ocean-going vessels in the U.S.

Even if the Senate approves the plan, a separate Appropriations Bill would have to be enacted by Congress before any subsidy could be paid.

Car union picks General Motors as strike target

BY TERRY DODSWORTH IN NEW YORK

THE POSSIBILITY of a highly politicised labour dispute in the U.S. car industry moved a step closer yesterday when the United Auto Workers' Union (UAW) said it had selected General Motors as a strike target.

The wage agreements under discussion expire at the end of next week and a strike could theoretically begin on September 15. Some Democratic politicians, who have received strong support from the UAW in the presidential election campaign, have privately voiced their anxiety that a big dispute could damage the party's image only weeks before voting is due in November.

Yesterday's announcement reversed a previous decision by the

UAW to aim at both GM and Ford, the largest and second largest car groups in the U.S., as strike targets.

By pursuing one company, the UAW will be able to finance a longer dispute if necessary. It is also felt that the change was partly dictated by GM's current high level of profitability and its aggressive moves to challenge U.S. jobs in the industry by buying in more components from overseas.

Mr Owen Bieber, president of the UAW, said at a press conference in Detroit that his decision to focus action on one company "rested on the judgment that all of the necessary ingredients are present at the moment at GM to reach an agreement incorporating meaningful job security and a fair economic settlement

that will serve our members."

The union will now concentrate its bargaining at GM, while postponing its talks at Ford. This follows the traditional "pattern" method of pay bargaining in the U.S. car industry, where the details of an agreement in one company are rolled over into a deal at its competitors.

Chrysler is not involved in the present talks because its financial problems four years ago led to a renegotiation of its wage contract and put it on a different pay schedule.

The talks are now expected to reach a crescendo at the end of next week. If they follow the normal process the most substantive proposals will not be made until the

eleventh hour, as negotiators work through the night to reach an agreement.

Neither GM nor Ford has so far offered anything in terms of annual increases, but they have both accepted the firm re-establishment of automatic cost of living increases—payments which were dropped when the union accepted concessionary wage cuts in 1982.

GM, however, has offered some lump sum payments of \$500 per worker in the first year of the agreement and \$300 in the second, with a continuation of profit-sharing arrangements.

Some analysts in Detroit believe that this may provide a basis for a deal if the management is willing to sweeten the offer into a form of

Analysts urge caution on U.S. car sale slowdown

BY TERRY DODSWORTH IN NEW YORK

THE MARKED slowdown in U.S. car sales last month is being interpreted cautiously by analysts, who argue that there were so many special factors that no particular significance can yet be read into the figures.

Sales of cars produced by the big three U.S. manufacturers—General Motors, Ford and Chrysler—rose by only 14.8 per cent in August, well down from the 19 per cent recorded in July and the figures of 20 per cent and over for most of this year.

Including the other three domestic U.S. producers—American Motors, Volkswagen and Honda—August deliveries amounted to a seasonally adjusted annual rate of around 7.7m units. This is substantially lower than the rate of 8m and over which the industry has been operating at for most of this year.

However, analysts caution that August is always a tricky month statistically because of the holidays and model changes. This year, these factors are being compounded by the auto workers' wage negotiations, which may be persuading dealers to hold onto cars in

the hope of selling at a premium if supplies are further reduced by strike action.

Current stocks of vehicles are at an extremely low point, particularly for some of the better selling models. According to Mr David Healey, of Drexel Burnham Lambert, the Wall Street securities firm, inventories may have dropped to as low as 47 days' supply against a normal level of around 65 days. General Motors, which saw its deliveries increase by has been particularly hard hit only 9.3 per cent last month, by its inability to increase supply fast enough in some of its more popular models.

For these reasons, analysts do not expect the financial markets to react significantly to the figures. Wall Street, which has been looking hopefully for signs of a slow-down in the economy to reduce pressures on interest rates, always watches the car figures closely. But it will probably want to see the labour negotiations out of the way before drawing firm conclusions on where the industry is going to end up this year.

Braniff adopts radical change in strategy

BY OUR NEW YORK CORRESPONDENT

ONLY FIVE months after its rescue from financial collapse, Braniff, the Dallas-based airline, is radically changing its strategy to become a low-cost airline operating in the discount market.

In a strategy reminiscent of the one launched by Continental Airlines at the same time last year, Braniff has announced that it will be cutting fares by as much as 12 per cent system-wide at the end of this week. It will also introduce a new two-tier fare structure with much cheaper rates at the weekends and in the evenings, as well as cutting an unspecified number of jobs from its 2,400 workforce.

Braniff, salvaged by the Pritzker family which owns the

Hwyatt hotel chain, re-entered the airline market as a full-fare, businessman oriented carrier. But it went on to lose \$31m (£24m) in the first quarter of this year, and has continued to run at a loss.

Mr Patrick Foley, Braniff's vice chairman, said that the original marketing plan had "failed to generate sufficient business at a fair price to produce the profits necessary to support the level of service."

Analysts believe that the switch in tactics may be the last chance Braniff will get to prove itself in its latest corporate incarnation. Competitive pressures are increasing in the U.S. airline industry, with threats of a new price war as several airlines, led by People Express, introduce new discount rates.

Ex-Journal man pleads not guilty

FORMER Wall Street Journal reporter Mr R. Foster Winans and two other men have pleaded not guilty to a conspiracy to profit from advanced knowledge of Wall Street Journal articles.

The three were charged last week with criminal conspiracy securities fraud and mail and wire fraud. Similar civil charges stemming from the same alleged scheme were filed in May by the Securities Exchange Commission.

Mr Winans has been charged with accepting \$31,000 in return for systematically providing the topics of about 21 Journal articles. Based on that information, the U.S. Attorney's office charged that Mr Winans and two other reaped illegal profits of about \$700,000 through stock trading.

AP-DJ

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WORLD TRADE NEWS

French in £23.6m rail deal with E. Germany

By Paul Betts in Paris FAUVET-GIREL and Norfer, two French railway equipment manufacturers, have won a FF275m (£23.6m) contract to supply 750 rail carriages to East Germany.

Why Israel needs new trade pact with U.S.

BY NANCY DUNNE IN WASHINGTON

There is widespread awareness in the U.S. Congress that Israel is particularly disadvantaged in the international market place.

U.S. TRADE policy this week looks more than ever a confused amalgam of wishful free-trade thinking and political response to protectionist pressures.

disadvantaged in the international marketplace. The country's military strength—vital to U.S. interests—rests on a very shaky economic foundation, and its products are boycotted in many Third World markets.

Fiat subsidiary joins battle-tank venture

BY JAMES BUXTON IN ROME

IVECO, the industrial vehicles subsidiary of Fiat, and Oto Melara, the Italian state-owned armaments manufacturer, have created a joint consortium to build tanks and armoured vehicles.

OVERSEAS NEWS

Textiles anxiety in Far East

By Andrew Saxter in Berlin "PEOPLE are so scared. Manufacturers have suddenly to stop producing orders and that is a very dangerous thing in the clothing industry."

Australia hit by foreign investment fall

FOREIGN INVESTMENT in Australia in the 12 months to June 1984 fell by 17 per cent to A\$7.5bn (£4.9bn), reflecting the aftermath of recession and the continuing hiatus in spending on major resource projects.

Doubts over healing power of Japan's apology to S. Korea

BY ROBERT COTRELL

EMPEROR Hirohito, Japan's head of state, yesterday described as "indeed regrettable" and "unfortunate," his country's occupation of Korea and 1910 and 1945.

Chinese ministry reshuffle expected

By Mark Baker in Peking

THE HEAD of the Chinese Communist Party, Hu Yaobang, has announced plans for an early party congress next year and confirmed that a major reshuffle of ministers and provincial leaders is being prepared.

Maghreb policy change denied by Mitterrand

By Paul Betts in Paris

PRESIDENT MITTERRAND denied yesterday that he had been conducting "secret diplomacy" in North Africa and that France had changed its policy towards the Maghreb countries.

Japan revises growth forecast up to 5%

BY JUREK MARTIN IN TOKYO

JAPAN'S Economic Planning Agency believes real growth in the 1984 fiscal year, which began in April, will approach 5 per cent, well above its original estimate of a little over 4 per cent.

Advertisement for Fannie Mae featuring 'NEW ISSUES September 6, 1984', '\$1,000,000 12.90% Debentures', and '\$1,000,000 13.20% Debentures'.

Rama Rao appeals for protection of his followers

NEW DELHI - Mr N. T. Rama Rao, the sacked Chief Minister of Andhra Pradesh, appealed yesterday to the Governor of the southern Indian state to ensure the safety of his followers.

Brunei trade mission

A rare British trade mission to eastern Malaysia and Brunei is being planned for next January with government financial support.

UK NEWS

Miners discuss support with power workers

BY OUR LABOUR STAFF

MOVES WERE started yesterday to involve the powerful electricity supply workers in supporting the strike by Britain's miners, after the statement of general support agreed by the Trades Union Congress in Brighton on Monday.

Mr Arthur Scargill, president of the National Union of Mineworkers (NUM), was studying his union's response last night to proposals for talks this Sunday evening made by the National Coal Board (NCB).

In an interview he said he expected to be at the talks "at a place unknown, if the talks are till on."

Mr David Bassett, whose General, Municipal, Boilermakers and Allied Trades Union has 20,000 members in the electricity industry, said after talks with miners leaders in Brighton that "the union had moved swiftly to set up the machinery to follow through the implementation of the decision, which was designed to persuade the Government and the NCB to return to the negotiating table and conclude a deal sensible to the NUM."

His union had also held meetings of its electricity and steel officials. Delegate conferences were being arranged to thrash out a co-ordinated approach.

Mr Scargill also held talks with Mr John Lyons, general secretary of the power engineers' union, who has committed his union not to

strike and is no great admirer of Mr Scargill.

The miners' president and Mr Peter Heathfield, the union's general secretary, appeared satisfied that they could impose a gradual squeeze on the economy to put greater pressure on the NCB and the Government.

The pit deputies' union, Nacods, is also gearing itself for supportive action. Nacods will hold a special delegate conference on Tuesday to consider action in selected coalfields.

The union's leadership has been angered by a set of guidelines issued by the NCB two weeks ago, which stipulates that its members must cross picket lines and endure intimidation if they are to continue to be paid.

The leadership is considering withdrawing safety cover from pits where working miners are trickling back to work, in areas where the strike has been declared official.

The NCB chairman, Mr Ian MacGregor, said last night that he expected an agreement with the NUM to take longer than Sunday's proposed meeting, but he hoped the dispute would be resolved by Monday morning.

There were a great number of details to be worked out and he hoped for a "much more practical approach" by the NUM.

Dockers' leaders give British Steel warning

BY PHILIP BASSETT, LABOUR CORRESPONDENT

LEADERS of the Transport and General Workers' Union yesterday warned that they might take industrial action against the British Steel Corporation in an effort to force it to negotiate over the issue which caused the national dock strike.

Mr John Connolly, the TGWU's national docks officer, met the union's powerful regional secretaries yesterday at the Trades Union Congress in Brighton, to tell them of the decision. The union's national docks committee has agreed to seek "physical support" from members in other sections of the union.

Mr Connolly, however, faces a revolt by dockers at Immingham, who are to restart iron ore supplies to the threatened Scunthorpe steel-works.

They voted overwhelmingly at a meeting on Wednesday night to disregard union policy and lead iron ore lorries to save the plant and secure 7,000 jobs.

It is understood that there was a unanimous vote to allow BSC to move iron ore by lorry as and when required, if the lorries were driven by TGWU members.

MPs urge cut in power station emissions to combat acid rain

BY MAURICE SAMUELSON

BRITAIN should quickly take sweeping measures to combat acid rain by cleaning up its power stations, an all-party panel of MPs said yesterday.

The report, by the House of Commons select committee on the environment, was immediately attacked by the electricity industry and by the Confederation of British Industry (CBI), but praised by opposition Labour, Liberal and Social Democrat politicians.

The report accused the Government and the electricity authorities of temporising and called for early efforts to clean up emissions from power stations which, it said, were causing widespread damage to forests and lakes in Scandinavia.

The Government is expected to respond to the report within two months. It is understood to have agreed to a debate during the next session of parliament.

The committee, under the chairmanship of Sir Hugh Rossi, a Conservative MP, said acid rain was "one of the major environmental hazards faced by the industrialised world." It was destroying fish, accelerating the destruction of cathedrals like St. Paul's in London, and could harm human health.

The MPs said the Government should immediately declare Brit-

ain's adherence to the so-called "30 per cent club" of 28 nations committed to cut sulphur dioxide emissions by 30 per cent between 1980 and 1993.

The programme would require flue gas desulphurisation equipment to be fitted in 12 large power stations at a total cost of up to £2bn.

The report drew an angry response from the Central Electricity Generating Board (CEGB), which said that the proposals could raise electricity bills by 12 per cent and might turn out to be ineffective.

The board said the committee was out of step with other recent reports on acid rain. It accused the MPs of misunderstanding the scientific evidence it had presented about the possible causes of acid rain and its environmental effects.

The CEGB repeated its commitment to act once the evidence justified it; but it said the MPs seemed to have made "fundamental errors of fact which must cast doubt on their findings."

Sir Terence Beckett, director general of the CBI, said the MPs had not costed their recommendations and did not take into account direct costs to others. "The question the committee has failed to resolve is whether this money would be well spent", he said.

The committee also expressed alarm about nitrogen oxide, much of which is produced by car exhausts.

The report, acknowledging that the UK's sulphur emissions have fallen by 31 per cent since 1970, pointed out that the UK still remained Western Europe's largest producer of sulphur dioxide and that the CEGB had hardly cut its sulphur emissions.

Britain's policy of building tall stacks on power stations had lessened nearby deposits of acid but had increased the amount falling on other countries.

The MPs urged the Government to commission research on all aspects of risk to human health and warned that "immediate and hard financial decisions have to be taken as time is running out." They added: "Simply to plead for more research into cause and effect is but to procrastinate."

Mr David Clark, Labour's environment spokesman, said: "We particularly welcome the exposure of complacency by many official British organisations such as the CBI, CEGB, Forestry Commission and government departments."

Fourth report of Environment Committee, House of Commons. Stationery Office, £5.55.

Rohr and Shorts bid for Airbus orders

By Michael Donne, Aerospace Correspondent

SHORT BROTHERS of the UK and Rohr Industries of the U.S. have agreed to offer jointly an advanced nacelle system for the V-2500 jet engine.

The engine is being developed by the five-nation consortium, International Aeroengines, for future 150-seat jet airliners.

Another group, made up of Grumman and Martin Marietta, both of the U.S., is also bidding for the complete nacelles package, while many individual companies, including British Aerospace (BAe) are seeking to build parts.

The nacelles package on the V-2500 would be worth about \$1m each.

The V-2500 is designated as the power unit for the A-320 Airbus and is on offer for several other aircraft. It is expected that many hundreds of V-2500s will be built, so that the overall value and volume of nacelles business will be substantial.

Short Brothers yesterday announced a repeat order for two of its type 360, 36-seat turbo-prop airliners. The order from Pennsylvania Airlines of the U.S. is worth about \$8m. The Belfast company has also sold a type 330 utility transport aircraft worth about \$3.5m to Thailand.

Skywest Airlines of Perth, Australia, has ordered two BAe Jetstream turbo-prop transport aircraft worth £4m.

Thron EMI Electronics has won a £12m contract from the British Ministry of Defence to develop an integrated fusing system for medium conventional bombs.

The system is designed for high-accuracy bombing that will allow bombing at much lower altitudes and minimise potential blast damage to aircraft. It will also be able to arm a bomb after impact.

The Argentine Air Force dropped several bombs on Royal Navy ships in the Falklands war that failed to detonate because they were dropped from too low an altitude.

Rolls-Royce and Romabac, the Romanian aircraft manufacturer, are discussing an agreement to install the Tay engine in the BAe One-Eleven twin-engine jet airliner being built under licence in Romania.

Unions to intensify campaign against state industry sales

BY DAVID BRINDLE IN BRIGHTON

THE TRADES Union Congress (TUC) decided yesterday at its annual meeting in Brighton to intensify its campaign against the privatisation of state-owned industries. It will call on union trustees of pension funds to seek to prevent the funds buying shares in companies which are privatised.

The TUC agreed to launch a publicity drive to highlight the alleged "failures" of private contractors brought into the National Health Service. It will ask union nominees on health authorities to try to block the contracting out of services such as cleaning, laundry and catering. The moves were approved after speakers criticised the TUC for doing too little to combat privatisation.

Mr Bryan Stanley, general secretary of the Post Office engineering union, said the stock market flotation of British Telecom in the autumn could be the launching pad for "an even more intensive attack on public services." The days were gone when public support for public

services could be taken for granted. Mr Stanley said: "Far too little has been done by the TUC to co-ordinate, to organise or to lead the fight to save our public services. A much stronger, united campaign is urgently needed now. We must make a much more visible effort to win public opinion."

Mr John Edmonds, national industrial officer of the General Municipal and Boilermakers Union, said the highlighting of instances of poor performance by contractors was the way to win the argument in the health service. Although health authorities might not share the union's principles, they at least wanted to be sure of clean hospitals.

Mr Rodney Bickerstaffe, general secretary of the National Union of Public Employees, said privatisation was at the core of the Government's political and economic philosophies and was a major part of its attack on the unions. "Wherever public need is met by private greed, corruption is not far behind."

Nissan raises August market share to 7.6%

BY JOHN GRIFFITHS

DEALER bonuses of up to £200 a car helped to put Nissan into fourth position in the UK car sales league last month. It was behind Ford, BL and Vauxhall, but ahead of Peugeot-Talbot and Citroën combined.

According to the Society of Motor Manufacturers and Traders, the Japanese company took 7.59 per cent of the market in a month which saw 303,332 new cars sold. Its sharp rise in sales took its share for this year to 5.81 per cent.

August's total was the second highest for any month on record, but represents a 10 per cent fall on the peak of over 374,000 cars in August last year. August is the peak time for sales in the UK because it is when the yearly registration letter change is made.

Ford, easily the market leader, sold 87,064 cars, giving it a market share of 28.36 per cent. Its UK performance makes it likely that Ford

has taken over from Fiat the overall sales leadership in Europe.

Sales were a disappointment to both BL and Vauxhall/Opel. Austin Rover, part of the BL group, saw its market share fall to 15.37 per cent, compared with 17.85 per cent in August last year.

Bailey bridges

Mabey & Johnson has asked us to make clear that it has manufactured Bailey bridges for almost 20 years. Thus, Storey, the subsidiary of Actow, shares this market and, contrary to our report of September 3, does not have exclusive rights to make Bailey bridges.

Mabey & Johnson said yesterday it would consider making an offer for Thos. Storey when the Actow receivership prospectus is published.



This is the classic example of a breakdown in communication.

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LETTERS TO THE EDITOR

Flying out of Manchester

From the chief executive, Manchester International Airport Authority.

Sir—There has been a great deal of correspondence in your columns recently between British Airways and the independent airlines concerning the provision of scheduled air services at regional airports.

Although the Airport Authority has in the past been critical of British Airways' commitment to developing the Manchester hub, the arbitrary transfer of its routes to independent carriers will not in itself facilitate the development of scheduled services from Manchester. Unlike the approach proposed for the south eastern gateway airports, substitution as proposed for Manchester (and Birmingham) services will do nothing to introduce the benefits of competition for northern travellers. The independents have in general shown little commitment to development of regional international scheduled services as only one of the seven routes given up by BA at Manchester has been taken up by a British independent airline; DnA-AT to Zurich, although BMA has shown interest in flying to New York.

Rather, development of services at Manchester has been left to foreign carriers who have over the same time period initiated services to 10 new destinations. Their continued recognition of the potential of the northern gateway has so far been blocked by the terms of international bilateral agreements.

The future development of Manchester as a gateway is in the hands of the Government. If, for protectionist reasons, it is not possible to allow the northern gateway to be developed by foreign carriers, then to secure the objective of aviation policy that reasonable user demands be met, the development of Manchester as envisaged in the 1978 White Paper on airports policy must be promoted by a strong British carrier. MIAA believes that especially with pressure on capacity in the south east, BA is best able to serve the demonstrable regional demand for air travel. Independent carriers have a role to play in being a strong competitive force in direct competition with BA. Positive mechanisms should be developed for the promotion of the northern gateway, Manchester.

Gil W. Thompson.

Urgent public requirement for fair competition in the airline industry

From the Chairman and Managing Director, Horizon Travel.

Sir—Mr. Colin Marshall (August 13) claims that some of the facts of British Airways privatisation were not properly described in your first leader of August 8, which could accordingly "distort the judgment of your readers."

I believe in fact that the Financial Times has reported this debate with scrupulous care and accuracy and the some of Mr Marshall's own arguments would be laughable if they did not concern a subject of urgent public importance and considerable complexity. For these reasons I wish to respond, as by so doing I may contribute to the prospects for fair competition in the British airline industry.

Mr Marshall attempts to show that BA's market share is not 70 per cent but only 31 per cent. He does so by asserting that unit sales rather than any measurement of value or volume (such as available seat kilometres) is the correct basis of measurement. This is absurd. Does any retailer measure his sales by the number of items sold? Does your newspaper judge its success in attracting advertising by the number of orders received, regardless of whether each is for a full page or a few lines of classified? Does Mr Marshall indeed value a ticket bought for the journey from London to Manchester equally with one for the journey from London to Sydney?

Mr Marshall goes on to claim that BA favours "the granting of licences to independent airlines to compete with us on international routes wherever they wish." Yet the facts of the matter are that BA has on no less than 126 occasions in the past 5 years opposed applications by independent airlines to compete with its scheduled services. BA is still the only British airline allowed to operate international services from Heathrow.

I suggest that BA has good reason to act defensively, even evasively, about its monopoly position in the British airline industry. Its scheduled international routes generate huge profits because they operate on cartel prices agreed with the foreign airline they are supposedly competing against.

My particular concern as BA approached privatisation is that it should be restrained from

adjustments to schedules and operating patterns were devised, and a close examination of all costs associated with the Birmingham network was carried out. The result is a highly successful, closely integrated operation, with a great degree of interdependence between routes and schedules, still using a fast jet fleet with Category II fog landing capability, a unique feature among Birmingham-based scheduled airlines.

BA staff at Birmingham are justly proud of what their study achieved for the benefit of users of BA flights from Birmingham. The network is sound, the future is secure, and the customer is reassured that the high density routes from the Midlands region are being operated by one of the world's biggest airlines, whose operating standards, back-up resources, and expertise are second to none.

In 1983, a major initiative was taken by BA, in establishing a joint staff management participative study of the Birmingham routes, to investigate ways and means of retaining the biggest possible pure-jet network, while producing an acceptable financial return. Sacrifices were called for on the part of staff,

and the present arrangements have a better chance of doing so than do the proposals made by the CAA. British Midland provides services to Brussels and the Channel Islands, as well as the feeder service to Heathrow; Brymon Airways provides the feeder service to Gatwick; Birmingham Executive flies scheduled services to points in Europe which cannot support large aircraft, and BA serves the high density routes with fast jet equipment. The Midlands regional network is sound; it is by no means a monopoly; leave it to market forces to determine its shape, rather than submit to bureaucratic diktat.

(Captain) Marilyn Johnson.
British Airways, Flight Operations, 2nd Floor Terminal Building, Birmingham International Airport.

But now, cutting across all the work that has been done, the CAA report recommends that the BA network, closely integrated and linked as it is, should be split up, and that the international services should be "offered" to other airlines. This must lead to an increase in costs. The fixed costs of owning a jet aircraft fleet must be spread by flying as many services per day as possible. Removal of BA's international routes will cause an unavoidable transfer of those fixed costs to the services which remain, to the point where their own survival must be seriously jeopardised. How can this be seen to be in the interests of the travelling public?

Following the route exchanges which took place between BMA and BA, both Merseyside and the West Midlands experienced serious falls in regional GDP.

the charter airlines as "a highly efficient sector of British air transport." I believe its judgment is well supported by the record of fair and effective competition in serving the travelling public. Eight million people will travel on a charter airline this year—more than half of all the British public flying abroad—and the fares charged by the charter airlines will, on average, be around one-third of the scheduled carriers' fares on similar routes.

BA denies any predatory intention in the charter market

using these huge "monopoly" profits to subsidise a predatory attack on the whole plane charter market, whose members (among them my company's subsidiary, Orion Airways) are debarré from retrograde competition on the main international scheduled routes and from Heathrow. Such an attack would not only represent unfair competition; it would, I suggest, be demonstrably against the public interest.

In its recent report on airline competition policy the Civil Aviation Authority described

the charter airlines as "a highly efficient sector of British air transport."

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(of which it has at present only a 15 per cent share through its subsidiary, British Airtours) but the evidence is otherwise. BA's four operating companies recently "dumped" 18,000 seats with a travel agency group at substantially less than cost. They have also been offering free holidays for children in high season in an endeavour to dispose of a further 40,000 seats. As a direct result of BA's aggressive pricing tactics, one of the major charter airlines has recently been obliged to sell off 40 per cent of its aircraft fleet and make 200 people redundant.

BA undoubtedly has the power to destroy the charter market and, especially when privatised, it will have a commercial motive to do so. This would be a monstrous abuse of its monopoly power and profits on scheduled routes; and, having secured a monopoly in the charter market as well, it would be able to raise prices to the detriment of the industry and the public. Yet no effective means exists to prevent this happening. I do not believe the public interest should depend solely on pious expressions of good intent from the admirably commercial new management

of a company which is about to be exposed to the pressures of the Stock Market and which must then look for every opportunity to maximise profit.

There are a number of ways in which the public interest can be protected. By increasing the powers and duties of the CAA, as suggested in its report, or by making civil aviation subject to the Monopolies and Mergers Commission in the way that other industries are. By excluding British Airtours from the whole-plane charter market if it remains part of BA. By placing a limit on the market share of British Airtours. By arranging for British Airtours to be sold as a separate company competing against the independent charter airlines on the same basis that they presently compete against each other.

Only by such action now can fair competition be preserved in the only free market sector of civil aviation. If the Government waits until predatory behaviour has been demonstrated by BA, it will, by definition, be too late.

Bruce Tanner.
Broadway, Edgbaston Five Ways, Birmingham.

Allocating routes

From the Managing Director, Air UK

Sir—The Lord Mayor of Manchester concludes his letter (August 22) by stating that "the right of the customer and the proper rights of the employees will be safer in the hands of market forces and open competition."

It is precisely to ensure that such competition exists in future that the Civil Aviation Authority has put forward the proposals contained in its report. In it the authority argues that if there is to be competition between British airlines — an objective accepted by every British Government since the publication of the Edwards report in 1969 — then British Airways' competitors need to be strengthened to withstand the market dominance which BA currently enjoys. It is to further such strengthening that the modest route transfers by the CAA are aimed.

The Lord Mayor also questions the fairness to the consumer and the justice to BA in the proposed route transfers "merely on the recommendations of a government agency."

In the first place, it must be recognised that BA's existing route network did not arise as a result of consumer choice or commercial success, but simply because in the immediate post-war era it was decided by government that all scheduled air services should be provided by state monopolies. Moreover, the government agency concerned, the CAA, was set up in 1970 with the specific task of allocating routes between British airlines, and since then has established a worldwide reputation for its impartiality, its concern for consumers and its expertise.

Stephen Hanscombe.
Cross Keys House, Haslett Avenue, Crawley, Sussex.

NOTICE OF INTERIM DIVIDEND

The Executive Board announces that, with the approval of the Supervisory Board, an interim dividend of Dfls. 2.30 per Dfls. 10.00 ordinary share will be paid for the financial year 1984.

For holders of ordinary shares, coupon number 4 of their securities will be payable at the payment offices of the following banks with effect from 28th September 1984:

- Amsterdam-Rotterdam Bank N.V., Algemene Bank Nederland N.V., The Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., Nederlandse Middenstandsbank N.V., Pierson, Holding & Pierson N.V., Bank Mees & Hope N.V., Nederlandsche Credietbank N.V., Credit Lyonnais Bank Nederland N.V., Bank Van der Hoop Offiers N.V., Morgan Stanley International Ltd., London, Kredietbank N.V., Brussels, Kredietbank S.A. Luxembourgeoise, Luxemburg, Schweizerischer Bank Verein, Zürich and Geneva, Deutsche Bank Aktiengesellschaft, Düsseldorf, Morgan Guaranty Trust Company of New York Ltd., London, J. Henry Schroder Wagg & Co. Ltd., London and Amsterdam-Rotterdam Bank N.V., London.

For each Dfls. 10.00 ordinary share the interim dividend of Dfls. 2.30 will be payable on the above-mentioned coupon, less 25% dividend tax.

Copies of the report for the first six months of 1984, published on the 30th August 1984, are available at the offices of the above-mentioned banks and the undersigned.

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THE ARTS

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The Hit, directed by Stephen Frears
Spinal Tap, directed by Rob Reiner
Unfaithfully Yours, directed by Howard Zief
The Wall, directed by Yilmaz Guney

The Hit is a great screenplay in search of a great film. Peter Prince wrote the macabre and brilliantly teasing yarn about a petty crook (Terence Stamp) who is overtaken by his ex-cronies ten years after having "grassed" on them in court. Coolly, even debonairly, he is awaiting Nemesis in his Spanish villa when they break in, bundle him into a car and head for Paris, where their boss (who's still in it; Christopher Gherer, Michael McKean, Harry Shearer and Reiner himself).

where script and player mesh immemorably and never mind the mise en scene, as here with Terence Stamp, giving his ever performance a smiling, angel-eyed time-bomb of comic patience, primed with some secret we know not of and timed to go off we know not when.

Spinal Tap is a comic bomb timed to go off as soon as the house lights dim. You are advised to wear something protective. "Spinal Tap" is the name of the wholly fictional British rock group whose fortunes we follow in this glorious documentary directed by Rob Reiner and written by the four indecently talented men who star in it: Christopher Gherer, Michael McKean, Harry Shearer and Reiner himself.

Libelously modelled on every glibly-stopped cockney four-some who ever rose and fell in the pop charts, they put up in their luxury hotel suites, they strum their guitars and their groupies, they have their statutory rows and they chat with the ubiquitous interviewer (Reiner) about their historic albums ("Intravenous de Milo", "Smell The Glove", etc.) and their ongoing problems. These include regularly losing their drummers in mysterious circumstances: one died in a "gardening accident," one choked on vomit (but not his own) and another exploded on stage.



Exhibitions

PARIS
Musée de l'Orangerie. The Jean Walter and Paul Gauguain exhibitions are now permanently exhibited in the newly renovated Orangerie museum - the pendant to the Jeu de Paume. The museum houses 144 works from the artist's oeuvre to the 1939 period. Benoiz is richly represented with 24 of his paintings - among them the well-known Young Girls at the Piano, Ceszanne with 14 paintings, including the 'Olympic' which will be delighted to be able to view again Donatien Rousseau's Wedding Party and The Cart, Picasso's Women Bathing and other favourites. Musée de l'Orangerie, Metro Concorde, 9.45am - 5.15pm, closed Tue (265 9840).

NEW YORK
Museum of Modern Art: After being virtually closed for three years of renovation, the museum has a chance to show the depth and breadth of its considerable collection. No longer is it a boutique of the modern classics but more like a department store, with double its previous exhibition space and room for such examples of modern design as a whole helicopter.

VIENNA
Treasuries of Dusseldorf Art Museum: A cross-section of German artistic development throughout the nineteenth century. Prussian castles to a louche but inviting beer-hall and many scenes from everyday life. Calm and prosperous family groups and other portraits of the artists' escapades that are majestic, moving or even witty. Kunsterhaus, Vienna, ends Sept. 30.

BRUSSELS
The Age of Stonehenge presented by the British Council in collaboration with the British Museum and the City of Brussels. The exhibition includes the models of the site, the Neolithic and Early Bronze Age (3000-1500BC) exhibition includes the gold cups, the folk-art decorated chalk drums, gold and silver vessels, and a variety of other objects from the Neolithic and Early Bronze Age.



Terence Stamp in "The Hit"

Chief kidnapper John Hurt is a sour, covetous taciturn thug, eyes sheathed in dark glasses, Sidwick Tim Roth is a cocky, glibly half-wit with orange hair. And Stamp, mystically serene, bolts and banters with his abductors and answers all their savage threats with a sweet Billy Budd smile. On the way the group also acquire Maggie (Laura Del Sol), Spanish and voluptuous, a hostage whisked out of the flat where her lover (Bill Hunter) has been shot after sheltering the gang.

When not nursing these wounds, the group get up on stage and perform: though even here accidents will happen, such as the terrible things that occur to their giant plastic pods during an "invasion of the Body Snatchers" number. At once free-fall in its zainess and piercingly accurate in its parody, this is the most sustained spoof movie since Airplane. Only a funny-bone of stone could resist.

Laughter in Unfaithfully Yours is more fitful. World-famous syndicator conductor Dudley Moore suspects his child-bride wife Nastassja Kinski of betraying him with handsome violinist Armand Assante and duly plots revenge in this remake of the 1948 Preston Sturges comedy. Sturges made comedies, as you know, that were so fast they broke the sound barrier. That ear-splitting noise you could hear at any given time was the last joke by five. Howard (Private Benjamin) Zief, here conducting a script by Robert Klane, Valerie Curtin and Barry Levinson. Levinson, manages some fine fortissimos and even some cheeky pianissimos, but there are too many middly-issimos in between.

Please relish Mr Moore, however, daydreaming his convoluted murder scenario atop the maestro's podium and then making a resounding hash of their execution. Relish also Miss Kinski, who speaks with a poutingly exotic murmur that Ingrid Bergman would envy, but eyes as beautiful as a giraffe's and reveals a magical comedy talent. (To match the magical tragical talent she unveiled recently in Paris, Texas).

Behind a number of the composers whom Adrian Jack's Musica series has championed over the year—Gerald Barry, Kevin Volans, C. Newman—has lurked the unsettling spirit of Mauricio Kagel. No contemporary composer of comparable influence is less known and less understood in Britain, largely because his work is expensive to mount and demands a theatrical expertise that is entirely foreign to most British performers.

second year running Musica itself has found the means to put on a fully staged Kagel event. Last year we were able to see Mare Nostrum, and now Northern Music Theatre has brought its production of Kantrimusik to the ICA Theatre, directed by Graham Treacher, designed by David Sauer and directed by Nadine Baylis.

Kantrimusik may be given either as a concert work or on stage in which case Kagel suggests the subtitle "Fastoral in Pictures. It is a wickedly accurate send-up of the entirely artificial world of folk culture, the made-for-export music and images which may be encountered in many parts of the world.

Northern Music Theatre's production has a light touch, and never attempts to over-inflate the humour. The Treacher obtains a lively sound from his versatile instrumentalists, and the three singers—Angela Tunstall, Sue Bickley and Alan Bell—preserve an appropriate dead-pan manner, and quietly perplexing. As Kagel takes his audience round his commercialised world in eight scenes, with the décor machine providing the gruesome insipid illustrations and three singers the local colour, it is hard not to warm to the lack of pretension and the acuteness of the satire.

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Into the Labyrinth/Albert Hall
Max Loppert
All three panels of Peter Maxwell Davies' "Orcadian triptych"—chamber-orchestral compositions of Classical style and line, into the Labyrinth is a composition of compelling originality—superficially disguised perhaps, by its pretending quietness of manner—yet makes an appeal to the senses and to the intelligence in equal measure: Maxwell Davies' professed 18th century inheritance has been well used.

The shape of the chosen passages of text—incantatory descriptions of the eternal patterns of Orkney existence, semi-ritualistic formulations of their decay—has helped determine the shape of the music (or perhaps it was the other way round?). This is a song cycle which is also a suite and a symphony: into the five unbroken movements are patterned the features of all three. In different degree, naturally: whereas the earlier movements, with their pictures of stable life, lay out basic material without apparently providing much development, the long fourth movement seems to be the focus of greatest development (by variation, and by the complex of neo-medieval musical techniques that the composer has made his own).

Maxwell Davies has clothed his framework in sounds of extraordinary rightness and fitness. The vocal line, purged of all the old angularities, rides clean and plain above the instruments; the "basic sound" of the piece, if one may pick one out, is a kind of string-fantasia part-writing suddenly pierced with chills veins of woodwind or by the bracing punctuation of horn and trumpet pairs. Sparseness of gesture is everything—the fact that the work culminates in long stretches of slow-paced, soft-voiced utterance may have been a disadvantage in this hall (I was more gripped by the music at the morning rehearsal, when the Chamber Orchestra, who also gave Mozart performances under Wilfried Boettcher, was here, conducted by the composer himself, with Neil Mackie a sweet-toned, slightly bland soloist. That this concert, and this indictment of North Sea technology, were supported by Mobil North Sea Ltd is a piquant irony.

Theatre

NEW YORK
Sunday in the Park with George (Booth): Not your conventional musical. Stephen Sondheim's latest is an inspired pairing with director and playwright James Lapine to bring George Seurat's painting to life, with Mandy Patinkin as the painter and Bernadette Peters as his imagined girlfriend, Dol. (239 8282).
Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry and lyrics, lyrically music is visually startling, and choreographically felicitous, but classic only in the sense of a rather sad and overblown idea of theatricality. (239 6382).
42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like 'Shuffle Off to Buffalo with the appropriate brass and leggy hooting by a large chorus line. (920).

WASHINGTON
Master Class (Eisenhower): David Pownall's thoughts on tyranny and artistic excellence as filtered through the gaze of Stalinist Russia starts 15 American-run at the Kennedy Center, ends Oct 20. (254 3670).
Quilters (Terrace): Based on American pioneer women's descriptions of their work in making quilt blankets, Molly Newman and Barbara Damschek's musical arrives in Washington between its modest origins in Denver and its ambitions for New York in autumn, ends Sept 16. Kennedy Center. (254 3770).

TOKYO
Cats (Cats Theatre): The special tent theatre, excellent set, good dancing and Kabuki-derived movement make the Japanese version worth a visit. (03) 4321 1001.
Kabuki (Kabuki-za) September Grand performances consist of a miscellany of 19th and 20th-century plays, highlighted by an ensemble of Kabuki's most famous actors. Matsuzane includes one act of Yoshitomo Koshigo-jo and two of Ise-ondo Koto-jo Netaba. Evening: Scenes from Saguro Edo-jo Saru, and Asago Niki. (03) 4321 1001.
Kyogen in English (Sogetsu Hall): The short comedies, the oldest form of Japanese theatre, with roots in eighth-century popular entertainment, performed between Nov

Opera and Ballet

LONDON
Royal Opera, Covent Garden: Andrei Serban's new production of The Barber of Seville (conducted by Gwyneth Jones, Gheza Dimirova, two Calafis (Ernesto Veronesi, Nicola Martucci), and two conductors (Colin Davis, John Neschel) on show at Covent Garden. Tickets £10. (01) 552 1101.
English National Opera, Coliseum: The first new production of the season is a brilliant and daring choice by Charles Vandenbergh making his debut as conductor in Berlin. Orpheus and Eurydice is perfectly cast with Florence Quivar, Lucia Peacock and Angela Little. The Barber of Seville, conducted by Colin Davis, is a double bill with Jeff's Mahogany Song (produced by Keith Hack). Also in repertory: the Flying Dutchman revival, with Josephine Burrows and Neal Donath's Lisa, at least, is a constant. (240 1066).
Berlin, Deutsche Oper: The week starts with Manon Lescaut. It has Charles Vandenbergh making his debut as conductor in Berlin. Orpheus and Eurydice is perfectly cast with Florence Quivar, Lucia Peacock and Angela Little. The Barber of Seville, conducted by Colin Davis, is a double bill with Jeff's Mahogany Song (produced by Keith Hack). Also in repertory: the Flying Dutchman revival, with Josephine Burrows and Neal Donath's Lisa, at least, is a constant. (240 1066).

Music

PARIS
Orchestra de Paris conducted by Claude Baridon: Beethoven and Berlioz (Mon 8.30pm). Unesco, Salle 1, 125 Ave de Suffren.
Perussion, piano and Ensemble Intercontemporain's brass: Bulli, Stockhausen, Aperghis, Xenakis, Messiaen, Boucoure-Cliev (Thur 8.30pm). Maison de la Radio, 116 Ave du Parc, Paris 13.
Moulesque: Franco Tombeur, violin. Michelle Langot, piano: Beethoven, Brahms and Franck (Thu 8pm). Saint-Severin Church, Metro Saint-Michel (033 9781).

NEW YORK
Academy of Ancient Music Chamber Ensemble (Alice Tully): All Bach programmes (Tue, Wed). Lincoln Center (982 1911).
National Symphony (Concert Hall): Rafael Bruckbeck de Burgos conducting. Emanuel Ax piano. Beethoven, Brahms (Thur), Kennedy Center (254 3776).

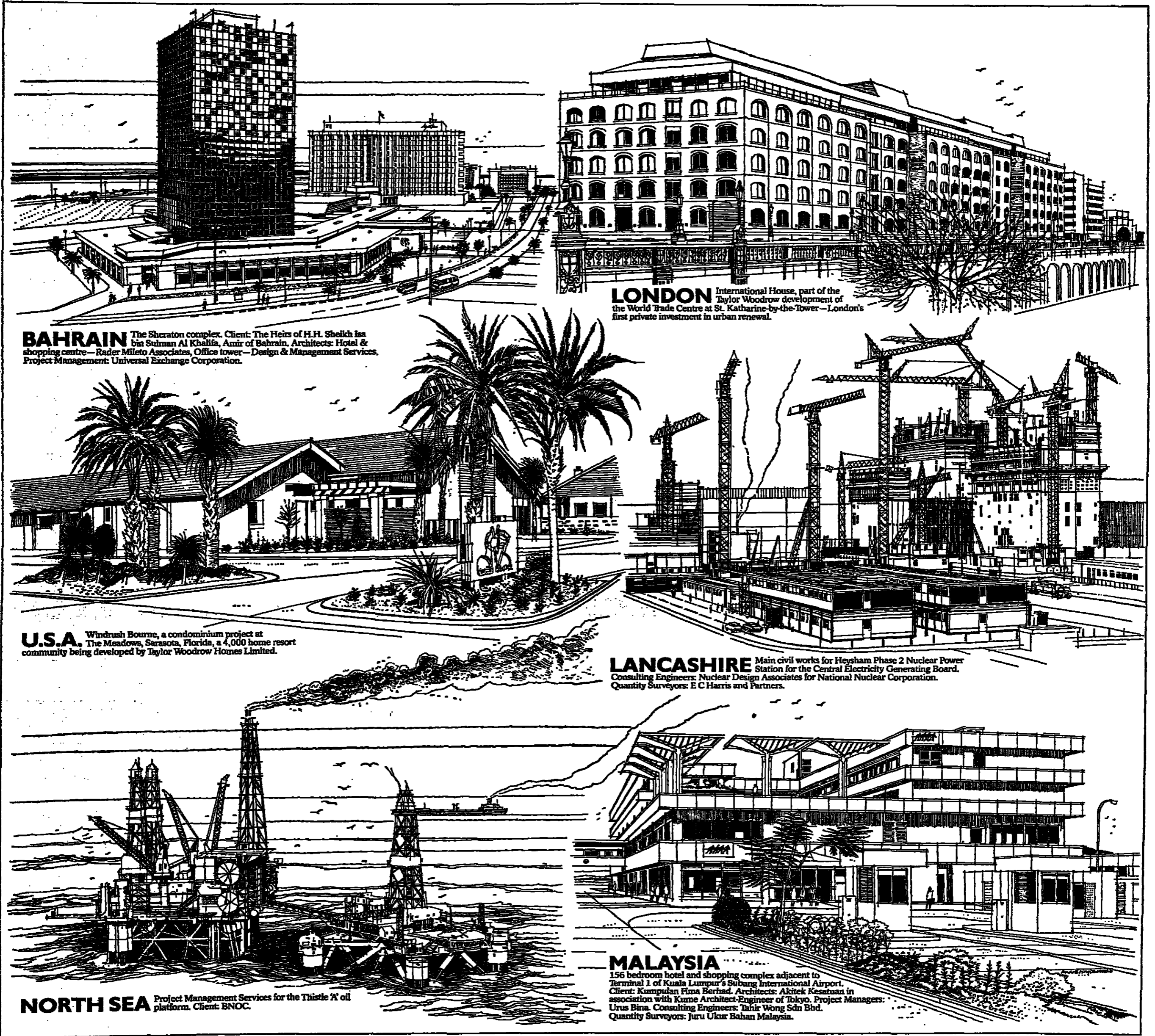
PARIS
Mozart Boys Choir: Mozart, Haydn and Schubert. Evangelische Kirche (Wed).
WEST GERMANY
Berlin, Philharmonie: The Berlin Philharmonic Orchestra, conducted by Christoph von Dohnanyi with violinist Gidon Kremer, a German premiere by Schmitke composed for the Berlin festival. Also Bach and Richard Strauss (Tues).
BRUSSELS
Palais de Beaux Arts: Philippe Herrewé's Choir and Orchestra of the Chapelle Royale de Paris and the Collegium Vocale and Hannover Knabenchor. Bach's St Matthew Passion (Wed). (51250 45).

NEW YORK
New York City Opera (New York State Theater): Lotfi Mansouri's new production of The Mikado conducted by David Stahl with Elizabeth Hynes alternating with Claudette Felcher as the part of Cho Cho San (81 511).
Frankfurt, Opera: A new production of Eugen Onegin, produced by Alfred Kirchner. The cast includes Benjamin Luxon, Helena Dose and Margit Ferber. Cev and Egg has Elena Obratuzova as Santuzza. It is conducted by Giuseppe Patane. (236 21).

WORLD ECONOMIC INDICATORS
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How Taylor Woodrow built a worldwide reputation



BAHRAIN The Sheraton complex. Client: The Heirs of H.H. Sheikh Isa bin Salman Al Khalifa, Amir of Bahrain. Architects: Hotel & shopping centre—Rader Mileto Associates, Office tower—Design & Management Services. Project Management: Universal Exchange Corporation.

LONDON International House, part of the Taylor Woodrow development of the World Trade Centre at St. Katharine-by-the-Tower—London's first private investment in urban renewal.

U.S.A. Windrush Bourne, a condominium project at The Meadows, Sarasota, Florida, a 4,000 home resort community being developed by Taylor Woodrow Homes Limited.

LANCASHIRE Main civil works for Heysham Phase 2 Nuclear Power Station for the Central Electricity Generating Board. Consulting Engineers: Nuclear Design Associates for National Nuclear Corporation. Quantity Surveyors: E C Harris and Partners.

NORTH SEA Project Management Services for the Thistle W oil platform. Client: BNO.

MALAYSIA 156 bedroom hotel and shopping complex adjacent to Terminal 1 of Kuala Lumpur's Subang International Airport. Client: Konsortium Fina Berhad. Architects: Akitek Konsortium in association with Kurus Architect-Engineer of Tokyo. Project Managers: Urus Bina. Consulting Engineers: Tahir Wong Sdn Bhd. Quantity Surveyors: Juru Ukur Bahan Malaysia.

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Friday September 7 1984

Dollars in the stratosphere

IT WAS a relatively short-lived affair, which may prove significant, but the renewed surge in the dollar exchange rate this week was at least three times as big as the last. Even bulls of the dollar, who have long grown accustomed to shrugging off a weak U.S. current account, must get an uneasy feeling when they see a new record in excess merchandise imports is greeted with a new rise in the currency.

In merchandise trade, U.S. exports now cover little more than half the import bill, while the invisible account must itself be more slowly undermined as the country slides rapidly from its traditional role of world capital provider to its new one as a net debtor.

Privilege
This is no doubt a valid judgment—but only in a long-term context. For the short term, nothing has changed. The dollar is strong, in a very real sense, precisely because the current account is so weak. The current account, after all, is simply a measure of national thrift—the excess of income over expenditure for countries with a surplus, or of expenditure over income for countries like the U.S., where both the private sector and the Government are eager borrowers.

For every reason—its sheer size, and the fact that it is currently the most dynamic of the developed economies—lenders in other countries are delighted to lend to the U.S. Indeed, as the world's reserve centre, the U.S. also enjoys the privilege of being able to borrow entirely in its own currency. The fact that the dollar's rise poses such acute problems for other countries with dollar debts only makes investors more eager to concentrate their claims on the U.S. itself. Where a deficit can so readily be financed, there is no need for a competitive exchange rate; the U.S. current account is in effect driven into deficit by world demand for U.S. assets.

This explains the underlying trend of the dollar, which has risen with the fiscal deficit (just as sterling rose in 1979 and 1980 on a rising fiscal deficit and rising confidence based on North Sea oil). The short-term market movements, however, are more strongly influenced by interest rates. Expectations of a rise generate inflows of hot money, determined to anticipate the movement.

For a number of reasons, expectations about U.S. rates have turned upwards in recent days. The latest figures for corporate borrowing, especially in the commercial paper market, and for retail sales suggest that earlier signs of a slowdown may have been misleading—though it is much too early to draw any firm conclusions.

In fact, private credit demand for ordinary transactions has been rising strongly. Domestic takeover activity, the source of strong bank credit demand earlier in the year, has been near a standstill for three months. More recently, corporate borrowers have returned to the bond market in massive strength, which might be expected to fund some short term debt. Yet the total has gone on growing.

Recovery
This feverish demand cannot be sustained indefinitely; if for no other reason, the dollar will in the long run be undermined by the growing obligation to service foreign debt. As an illustration, the published figures suggest that the U.S. current account would permanently weaken by \$100bn a year if the present balance could be sustained into the 1990s. This helps to explain why it requires steadily larger interest rate differentials to support the dollar, and why the Americans have to listen to so many sermons on thrift from their trade partners.

However, these have not been so strident of late. As interest rates and commodity prices have begun to decouple from the dollar, European finance ministers seem to have become more philosophical about their dollar exchange rates; the stimulus of U.S. import demand is very welcome until the hoped-for spontaneous recovery returns. Both in Germany and the UK there has been little or no monetary policy response. In the long run, neither the dollar's over-valuation nor these policies are sustainable; but long run threats are notoriously slow on the policy agenda.

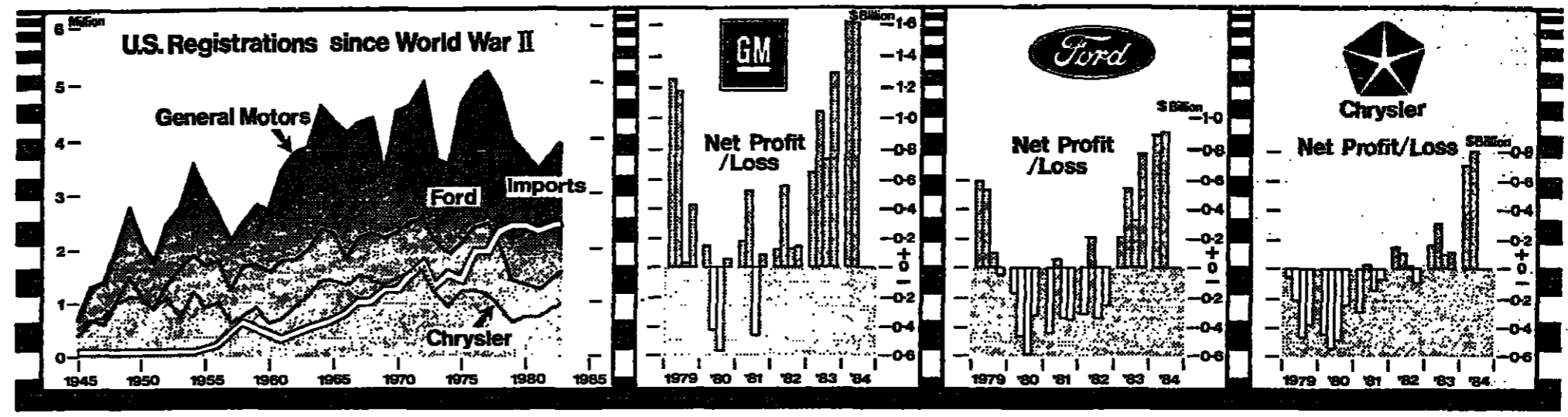
—than would be strictly justified by the achievements of the Exchange itself. He appears to envisage some kind of representative body (albeit with statutory backing) on which he (or his successor as chairman of the Stock Exchange) would have an automatic seat.

However, Mr David Hopkinson, as an important user of the securities market, has expressed greater doubts about the radical changes which will be expected by the radical changes being proposed for the structure of the Stock Exchange. There is a significant risk that, rather than the other markets becoming more differentiated, whether in terms of size, or of type and nationality of ownership. It is a moot point whether the Stock Exchange can wholly solve this problem by insistence on personal membership by individuals.

The Stock Exchange can justifiably be proud of its systems of regulation and investor protection, which must certainly be maintained. Such pride, however, should not extend to complacency in the context of radical changes in the frameworks of the securities market as a whole.

A representative body could not be relied upon to have the authority to oversee the financial markets in their new form. A powerful, statutory body, clearly responsible to the Secretary of State, albeit kept small through delegation of such work to the monitoring of prospectuses, would not be so irrelevant to the needs of the Stock Exchange as that body's Council at present appears to believe.

U.S. AUTO CONTRACT DEADLINE



THE WAGE talks between the powerful United Auto Workers union and two of America's Big Three car makers have now reached a critical stage. But the issue between them—an issue which could shut both GM and Ford on September 14—is not primarily money. It is the future of small car production in the U.S. on which hangs the jobs of many 1,000s of the UAW's members.

Ford claims a loss on U.S. Escort sales
A million dollars a year. Mr Owen Bieber, the burly new president of the UAW and leading the union into talks (for a three-year contract) for the first time, says he is looking for a reasonable wage increase for his members but the key issue is job security.

Government parts 'Porton'
Not everyone in Britain would regard the new, commercially desirable asset as a "shorthand" for the Ministry of Defence's microbiological defence establishment on Porton Down near Salisbury.

Men and Matters
The idea of bringing the insurance trade associations into the 1980s instead of juggling along with the 1930s format has often been mooted. Now the crunch has arrived in that Corby has to come up with a formula that will enable the ABI to lay down rules for all insurance companies composite, general and life.

IBM style
Whitehall, it seems likes the style. Last December 34-year-old David HarrisonHarvey, one of the more dynamic of IBM's young management products, was seconded for two years to work in government as commercial director of the Department of Trade and Industry's Invest in Britain Bureau (IBB).

Corby's formula
Brian Corby, the chairman of the provisional board of the new trade body, the Association of British Insurers, faces a daunting task over the next six months. He and his 28-member team have to ensure that this overall body aimed at replacing various autonomous and sectional interests keeps everybody happy.

AC Ecosse
Jacqueline McGoff, wife of a Glasgow meat wholesaler, and herself a keen sporting motorist, yesterday handed over a cheque for £12,850 to become a pioneer in the revival of the Scottish motor car industry. She called at a small factory outside Glasgow to take delivery of a red AC ME 3000 mid-engine sports car, the first

Why small is not beautiful in Detroit

By Kenneth Gooding, Motor Industry Correspondent

on indefinite lay-off from the five major U.S. car groups (Chrysler, American Motors as well as GM and Ford) and thousands more are no longer counted because they have lost their recall rights.

78 per cent will have a 10 to 15 per cent foreign content. Take together that would mean a 25 point share loss for domestic original equipment parts suppliers in only 10 years," Mr Bieber.

So far the union has been very restrained. Mr Bieber believes he does not have to prove his manhood by leading his members into a damaging strike.

Red account
The little-known Communist Party of Iran is celebrating its first birthday, according to broadcasts monitored by the BC at Caversham.

Mild bid
"The Meek Shall Inherit The Earth" states a poster outside a Norfolk church. To which someone has added: "If that's O.K. with you?"

After the ball
When GATT's textiles committee members proposed sitting through the night in Geneva this week in order to produce a communiqué the Egyptian dele-

good times to accomplish this and to generate the reserves necessary to meet the product challenges of the next decade. Ford's net earnings totalled \$1,566bn in 1983 and \$1,506bn for the first half of this year. GM's 1983 earnings were \$3.7bn and \$3,223bn in the first half of 1984.

But as Paul Tippet chairman of American Motors points out: "People seem to have forgotten not only that we lost more than \$4bn in 1980 alone as an industry but that our combined investment in retooling and product development for that same year came to \$1.15bn. For 1981 we lost \$1.5bn and invested another \$12.5bn.

Job security will remain the UAW's top priority
—will be responsible for every step of car production—from design concept to the collection of orders and the complete manufacturing process in between.

The computer hardware is available. But highly complex software must be developed before this dream of the future can become reality. GM has already bought strategic stakes in some small American companies specialising in programmes to make robots "intelligent"—able to "see" for example—to help speed up the introduction of CIM.

The use of this new technology will have the greatest impact on the final assembly lines at the car plants—areas which are still heavily labour intensive. In the circumstances it seems certain that job security will remain top of the UAW's list of priorities well into the future.

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Disciplinary power
The implication is that similar practices may be quite common elsewhere in the Eurobond market—but proceed largely unchecked in the absence of a self-regulatory agency with the appropriate level of disciplinary power.

Disciplinary power
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EUROBONDS

The market breathes again

By Maggie Urry

"WERE all sorted out," said the syndicate manager, breathing a huge sigh of relief. For this has been a summer of great uncertainty for the Eurobond market as borrowers, issue managers, traders and investors have struggled to come to grips with the repeal of the U.S. withholding tax and its possibly awful consequences.

Throughout the summer, there have been times when U.S. borrowers did not dare to bring an issue, weeks when investors would not buy them, moments of triumph when the first issues appeared, and days of despair when incomprehensible regulations were published.

At last it looks as if an air of certainty has returned to the market. Things are not quite what they used to be—but the Eurobond market has come through the turmoil largely unscathed.

All started with a little tax change in the U.S. Pressure has been building in the last few years among the U.S. securities fraternity for the repeal of the 30 per cent withholding tax levied on interest payments paid to foreign holders of U.S. domestic bonds.

This year the mounting U.S. budget deficit added weight to the argument. The U.S. Treasury wanted to get its hands on the European investors' money too to help finance the deficit. So as Congress slowly worked its way through the Tax Reform Bill in the late spring, the lobbying intensified.

Finally, on June 22, the legislators agreed to repeal the tax completely on issues made after the Bill was enacted.

Importantly, Congress also gave the Treasury the power to decide whether issues should be made in registered or bearer form.

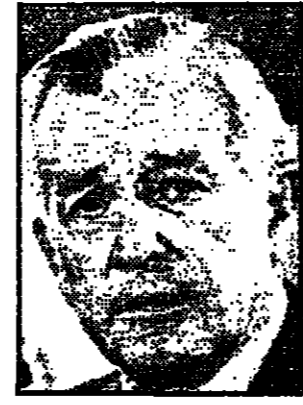
SUMMER OF UNCERTAINTY table with columns for Date and Event. Includes entries for Spring 1984, June 22, July 18, August 9, August 12, August 20, August 28, September 3, and September 5.

agreements, paying little or no tax on the interest. The European bankers, who put the two sides of this happy equation together, were extremely concerned that this balance—a profitable arrangement for them—should be upset.

The motives behind these investors' desperate desire for anonymity is often just a natural reluctance to let authorities, especially a foreign government, have their names and addresses. But many bearer bond holders are evading tax.

They may not be liable to U.S. tax, but they most probably should be paying their own country's income tax. There is a further group of investors who find bearer bonds a very convenient way to invest the proceeds of crime without trace.

A great ideological debate began in the corridors of the U.S. Treasury — was the need for cash strong enough to persuade the Treasury to compromise itself by issuing bonds that these would be anonymous investors would want to buy?



U.S. Treasury Secretary Donald Regan made promises.

Treasury paper to invest their ill-gotten gains, to free. Senator Howard M. Metzenbaum, an Ohio democrat, Congress demanded that the Treasury should not issue bearer bonds, and regulations should be forthrightly issued to ensure that U.S. citizens could not buy bearer bonds issued by U.S. corporates.

Mr Donald Regan, U.S. Treasury Secretary, promised just that. An uneasy calm settled on the Eurobond market. At least the U.S. Treasury would not be such a big competitor for Eurodollars. But what exactly would the regulations be?

Eagerly awaited, the regulations when issued turned hope to despair. There were 100 pages of them. And many of those were incomprehensible. Lawyers sat up at night trying to decide whether it was safe to do a deal. But after another week of worry, the Treasury issued a clarification.

It decided that foreign banks and investment houses which act as paying agents for U.S. corporate bearer bonds would be free from having to report that the beneficial owner of a bond is a non-U.S. resident.

the traditional end of the summer, one of the best U.S. corporate names, IBM, came straight to the Eurodollar market. All was well again. There was one final problem. Investors feared that the U.S. tax regime might one day change again and they could be caught by re-imposition of withholding tax or renewed reporting requirements.

After much legal work, a form of words was agreed between the top syndicate managers in the small hours of yesterday. The language may vary from issue to issue, but most borrowers and investors are expected to accept a promise to redeem bonds at par (plus accrued interest) within a year if the U.S. reporting requirements are relaxed.

After all the upheaval, what has changed in the Eurobond market? At the moment the market looks remarkably like it did before the drama began. The much-feared (by the Europeans) "global" issues, which would allow the New York bankers to take issues away from the London-based issue managers, now look unlikely to appear.

U.S. issues made in bearer form must be sold under arrangements "reasonably designed to ensure that the obligation (debt) is sold to a person who is not a United States person."

These arrangements include provisions that the issue is offered for sale outside the U.S. and must be delivered outside the U.S. Issues made in the U.S. must be in registered form. If a bearer bond is sold to a U.S. citizen it must be converted to registered form. But once converted, it cannot be changed back into bearer form.

The regulations should ensure that the London issue managers keep their hands on the Eurobond business. And as one pointed out, the U.S. borrowers themselves prefer the market to remain separate. That way they can see where their cheaper to borrow at any time and direct issues at the more competitive market.

The TUC in Brighton The realities that just keep creeping in

By John Lloyd, Industrial Editor

BILLED AS Britain's most significant Trade Union Congress since the war, as the forerunner of a blast of support for the miners, as the burial ground of new realism, Brighton 1984 has instead been a confused, hesitant, muted affair in which the major actors have limited internal damage, but apparently achieved little in the way of consciously redefining their relationship with the external world.

New realism—Len Murray's multifaceted and subtle blend of pragmatism, shifting to new ground in order to save principle—is formally dead. The general secretary retires, and the TUC desparately wants a settlement; but some kind of

long if the talks fail. The Transport and General Workers Union persists in trying to close the working docks and yesterday threatened to extend its action to steel. The power supply unions, though split, may still be able to agree on limited disruption in power supply (though it is difficult to limit industrial action in this dangerous area). The pit deputies are under increased pressure to withdraw the limited co-operation they have been offering the Board.

It is slow, deliberate and full of contradictions: most of all, the TUC desparately wants a settlement; but some kind of

rough industrial support for the miners might, after all, slouch out of Brighton—especially if Government and Coal Board again lose the propaganda advantage they have held in recent weeks.

Beneath the miners' barrage, the issues went the way of the moderate. The TUC is to join the National Economic Development Council probably before Christmas. That means, crucially, that the TUC representatives will have to grapple with all the harsh questions which will arise from a new discussion, broken off in March, on where the new jobs will come from. These questions include—how can labour be made more flexible? would lowering the price of labour create more jobs? The TUC has some awkward questions of its own, to be sure—but it is presently in a weak position from which to put them.

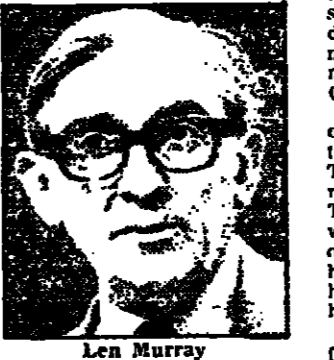
Realisation of that position was explicit in the two most important debates—on economic policy and on the law. Mr Bassett, leading in on the former, took time to admit that the labour movement still required to "convince our own people that our analysis is correct one."

The debate on legislation was confused by bad chairmanship: in the end, though, Congress's will was clear: unions who took up a position of defiance of the law can expect support only if the TUC General Council thinks it has a real chance of winning the dispute.

Nothing of the sort comes out of Brighton: Mr Norman Willis, the new general secretary of the TUC, begins his stint this afternoon without chart or guide. The debates of this past week, where they have been defiantly aggressive, have sounded hollow and false: where they have stressed realities, they have often been hoisted.

The TUC remains however a force and a significant one. In a Brighton restaurant a group of businessmen out for the evening, looking at the national spectacle of the miners' strike and say: "Industrial relations isn't like that. It's about making deals and getting along. In most sectors of the British economy, 'getting along' means getting along with the union because the union members have not indicated their desire that they wish to get along individually. It is much tougher making deals out there for the unions, but making them remains the TUC's bottom line. There were signs that more delegates were responding more carefully to the requirements of that bottom line than hitherto; and that may be the heart of the matter: a firmly-based 'new realism' for the years ahead.

It had better be, for the sake of the TUC: for it is more and more obvious that no one will preserve the unions' place in society but themselves.



Len Murray

Definition of a mine

From Mr G. Bloomfield Sir—Mr R. F. Bland (August 30) asked the question "Will anyone want to go mining?" The answer may be yes, but hopefully not in the way we do it now. The modern coal mine is already heavily mechanised. Further automation of the extraction process will increase productivity and inevitable. It is robots, not men, that should go down the mines and their activity can be controlled from the top by the ubiquitous video display and Query keyboard.

Pharmaceuticals in Mexico

From the Director of Commercial Affairs, Association of the British Pharmaceutical Industry Sir—It would be natural for the Under-Secretary for External Development in Mexico's Ministry of Trade and Industry (August 23) to defend the policy for the pharmaceutical industry which his Ministry is seeking to implement through the measures described in David Gardner's article on August 14.

Differentials in car prices

From the Chairman, Consumers' Association Sir—In your excellent leader on the "Common market in cars" (August 21), you rightly conclude that the EEC Commission's present proposal "represents the bare minimum to thwart the anti-competitive instincts of European car-makers and to give consumers—particularly in Britain—a better deal." This view has now been roundly endorsed by the House of Lords select committee on the EEC. In its recent report on the EEC car distribution system, the select committee is firmly in favour both of the EEC Commission's right to investigate whenever car price differentials exceed 12 per cent, and of the individual's right to buy a car more cheaply abroad than one normally imported without obstruction; but it also regards it as "essential that these

Letters to the Editor

see good growth and profit levels attainable under the new legislation" is hardly supported by the number of companies which have felt impelled to seek injunctions to the courts, to prevent the decrease through other channels. Moreover, experience to date highlights the ambiguity between the government decree and the Under-Secretary's personal interpretation of it.

Dr de Maria y Campos is even more misleading in suggesting that the new measures regarding inclusion of the technical ("generic") name of a medicine on the packaging are no more than is practised in the U.S.A. and Europe. The crucial difference is that in countries such as Britain and the U.S.A. an effective patent system allows an innovator an initial period of exclusivity whether his product has been prescribed by the brand or the generic name. No effective patent protection exists in Mexico so that great importance attaches to securing recognition of the brand name by prescribing doctors. Generic labelling industries are in preparation. Potential investors will no doubt bear this in mind. J. C. Matthews, 12, Whitehall, SW1.

The civil aviation debate, Letters Page 7

network therefore represents a major exemption from EEC competition policies. Under Article 85 (3) of the Treaty of Rome, the Commission is obliged to grant such an exemption, to ensure that consumers gain "a fair share of the resulting benefit." One weak spot in the Commission's proposal is that it merely asserts that this requirement has been met, without providing the necessary evidence. It should be incumbent on the Commission to spell out fully its criteria for assessing that such exemptions are indeed in consumers' interests. We are in fact deeply sceptical of the Commission's apparent reasons for endorsing the franchise system. These appear to rely on the view that the dealership network ensures "expert maintenance and repair" and "specialised servicing and after-sales service." Yet this runs totally counter to the findings of the UK Monopolies and Mergers Commission, whose 1982 report on car parts rejected as against the public interest the argument that cars must be sold as part of package. It also runs totally counter to our own testing and research findings, which show that the standards of garage servicing are generally very poor. What is more, we have found no evidence that franchised garages are any more reliable than non-franchised garages. This is not only the position in

Challenge for accountants

From the President, Institute of Chartered Accountants in England and Wales Sir—Your editorial of August 23 (Tough challenge for accountants) is only for the paper's title but without your paper's usual clarity and precision. The editorial did not distinguish between "Parliamentary and law work (ie our representations to government) along with dozens of other organisations—on taxation, legal and political matters) and work on auditing and accounting standards. It is only for the former aspect of the work of the Consultative Committee of Accountancy Bodies (CCAB) that the Institute of Chartered Accountants in England and Wales believes that the interests of the public and the profession are better served by a more direct presentation of the issues and by rather less of the fudging which is inevitable in a plethora of committees for the six diverse and independent bodies which make up the CCAB. In the area of auditing and accounting standards, the six bodies intend to continue their present close co-operation. Your leader assumes that it is the accountancy profession which delays the development and publication of accounting standards. This assumption overlooks the essential requirement for any successful standard that it should be acceptable to the users and preparers of accounts. It is the process of allowing the views of industry and commerce are prepared to implement that makes standard setting such a lengthy process. Accounting standards are not approved by the presidents of the CCAB bodies, as your leader states, but by the democratically elected councils of the six bodies. A. J. Hardcastle, P. O. Box 433, Moorgate Place, EC2.

Company Notices

CITY OF OSLO 9 1/2% 1975/1985 BONDS UA25,000,000 table listing bond details and interest payments.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITORY RECEIPTS (EDRS) IN RYOBI LIMITED

EDR Holders are informed that Ryobi Limited has paid a dividend to holders of record 31st March 1984. The dividend is 20% of the share price of 1000 yen, payable in Japanese Yen.

READY MIXED CONCRETE LIMITED (RMC Group PLC) 7 1/2% BONDS 1987 FF 80,000,000 advertisement.

BANQUE NATIONALE DE PARIS

Joint-stock company with an authorised capital of FF 1,532,500,000. 18 Boulevard des Capucines - PARIS (9ème) - France. Telephone: PARIS 5 66 52 42 49.

NOTICE IS HEREBY GIVEN to holders of 100,000 Floating Rate Notes 1980-1988 of USD 10,000 EACH.

KOMMUNLANENSTITUTET AKTIEBLAG

7 1/2% 1978/1993 UA 15,000,000. On August 27, 1984 Bonds for the amount of UA 15,000,000 have been drawn for redemption on October 31, 1985.

Charter Consolidated 7 1/2% 1972/1987 Loan of FF 100,000,000

The FF 6,000,000 redemption instalment due on 1st October 1984 has been drawn in the presence of a Notary Public for redemption on October 31, 1984.

DRAWING At a drawing made on 31st August 1984 in the presence of a Notary Public in London, Bonds of the following description were drawn: 7% CONSOLIDATED BONDS totalling £2,200 were drawn for redemption on 1st October 1984.

Strong second quarter boosts BP to £668m

British Petroleum, the UK's largest company, has experienced its best ever second quarter trading period but, due to a deterioration in downstream operations in Europe the result was below that achieved in the opening three months of 1984.

OPERATING PROFIT AND CAPITAL EXPENDITURE

	BP				Sohio			
	1984	1983	1984	1983	1984	1983	1984	1983
Operating profit	£2m	£1m	£2m	£2m	£2m	£2m	£2m	£2m
Capital expenditure	£1m	£1m	£1m	£1m	£1m	£1m	£1m	£1m
Exploration	22	21	23	21	22	21	23	21
Oil & shipping	33	32	37	45	35	512	607	790
Chemicals	25	118	19	18	15	15	69	44
Minerals	110	12	47	24	21	15	55	44
Others & corporate	75	73	66	89	9	10	66	40
Loss								

quarter. Its contribution of £206m to the group's profit was £38m above 1983.

Net cash flow from operations in the first six months totalled £2.6bn, an improvement of £384m.

Higher profitability resulted in improved trading funds flows and, in addition, proceeds were received from the sale of the Forties units.

BP did not consider it advantageous to repay borrowing over the first half of the year and added the funds generated to liquid resources.

BP Exploration's operating profit at £225m was a little below the first quarter. Exploration expenditure written off was £67m, against £41m in the first quarter.

Exploration expenditure was £206m above 1983.

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U.S. helps Cookson to doubled profits

WITH THE most significant increase coming from the United States, the Cookson Group has doubled its pre-tax profit to £20.2m in the first half of 1984. On capital increased by the July 1-for-4 rights issue the interim dividend is stepped up from 3.7p to 4.25p net—a total of at least 10.2p was forecast.

The group is engaged in the smelting and fabrication of non-ferrous metals, and the manufacture of chemicals and paint products. In the period its sales surged from £367.2m to £390.2m.

Booker vindicated as payout and profit meet bid forecasts

PROFITS ALMOST doubled to £11.13m have been achieved by the Booker McConnell group in the half year ended June 30 1984. In line with the June forecast the interim dividend is lifted from 1.65p to 2.75p net, and the directors have promised a final of not less than 4.25p, compared with 2.65p.

The dividend forecast was made in June when the directors rejected an offer for the company from the Dee Corporation. Later, the offer was referred to the Monopolies Commission and has lapsed. In July the directors informed shareholders of an expected substantial increase in profit for 1984, and said the first half will confirm that growth was on the way.



Mr. Michael Cairns, chairman of Booker McConnell... the group has established a solid base for this and future years.

HIGHLIGHTS

Lex concentrates on the second quarter results from British Petroleum which turned in a record profit for the period though difficult downstream operations in Europe took the edge off the performance and left historical cost profits of £326m below that of the first quarter.

Portals awaits uplift in orders

FROM SALES ahead by 12.4 per cent to £101.26m, first half 1984 profit before tax of Portals Holdings rose 3 per cent, from £7.01m to £7.22m. A decline in papermaking was more than offset by an increase in the water treatment side, but interest showed a turnaround of £503,000 to charges of £137,000.

Mr Julian Sheffield, the chairman, says the total sales increase was reasonable but the group has not seen any real improvement in the placing of orders across the range of markets. In Britain there are signs of recovery but customers have not started a capital investment programme because of the spare capacity that still exists. Overseas, the same applies, and there is the financial problems of the developing countries.

Portals' profits were £1.26m (£1.11m) after tax and £1.88m (£1.58m) after tax and preference dividend £1,000 (same), the net attributable to ordinary holders is £3.95m (£3.38m) for earnings of 21.71p (18.72p) basic and 20.32p (17.66p) fully diluted.

The interim dividend is lifted to 6.5p per share (£25p)—the total payment for 1983 was 17.25p when pre-tax profits reached £16.61m.

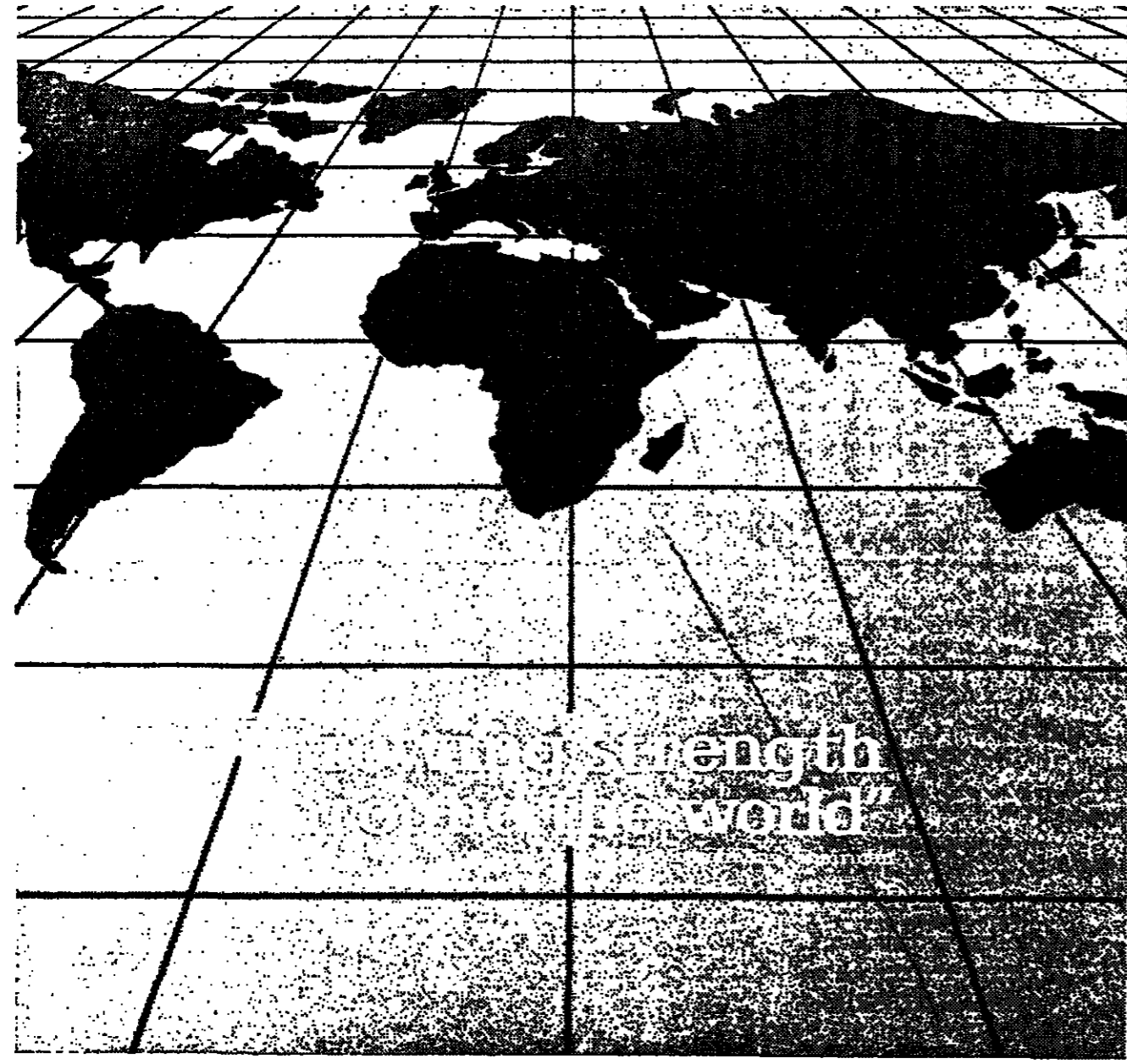
overseas growth aids Bridon

BETTER RESULTS from the overseas interests of Bridon, the iron and steel engineering group, have offset the effect of the miners strike at home and helped the group to maintain its upward trend. For the first half of 1984 it has increased its profit before tax from £5.4m to £7m.

And chairman Mr Jack Laird is expecting a satisfactory performance overall in the second half, despite some adverse features of the UK economic and industrial climate. In the comparative period of 1983 the profit was £5.7m. The current interim dividend is held at 1.2p net.

Hayters

On turnover of £4.28m, compared with £3.43m, Hayters pushed its profits before tax up by £143,000 to £392,000 in the six months ended March 31, 1984.



Six months' results (unaudited)	1984	1983	Full year 1983
Revenue	£126.3m	£112.1m	£207.0m
Profit before taxation and extraordinary items	£52.9m	£51.1	£80.1m
Earnings for the period	£30.0m	£24.9m.	£40.1m
Earnings per ordinary share	13.8p	11.4p	18.5p
Dividend per ordinary share	3.0p	2.75p	8.0p

Sedgwick Group

A commanding presence in worldwide insurance and reinsurance broking

comment

Cookson shareholders who took in recent rights issue at 25p each were given a pleasant surprise yesterday when these figures beat the market's best estimate of 1.3p net.

Mr Laird says the improvements overseas stemmed mainly from the U.S. and Continental Europe, and helped to offset the negative effects of the British Ropes. Opportunities taken earlier this year to develop the wire rope business according to group strategy began to pay off in the expected benefits.

Granada Publishing helps Collins double profits

William Collins, engaged in book and auto publishing, and its television division is working at full capacity for the first time during the normally slack first half thanks to Granada's printing requirements. Its high level of fixed overheads have permitted the increased volumes to flow straight through to the bottom line, with the result that gross profit has doubled six times since the start of the year.

Manufacturing operations, for the first time since the move to Bishopcleeve, were profitable in the first half of the year. The company says that this, combined with more difficult trading conditions in both home and export markets in recent months, will narrow the seasonal difference between first and second half results.

Fleet unruffled at bid rumours

IN HIS annual statement Lord Matthews, the chairman of Fleet Holdings, tells shareholders that the company will not be forced into making acquisitions not in its best interests, despite suggestions that it should make a substantial acquisition to thwart the possibility of an unwelcome bid for Fleet.

He adds, however, that the group has the ability to grow outside the newspaper and magazine publishing areas, and that "this will continue to be a prime objective for the future."

INTERNATIONAL COMPANY NEWS

Offer for Baldwin-United unit

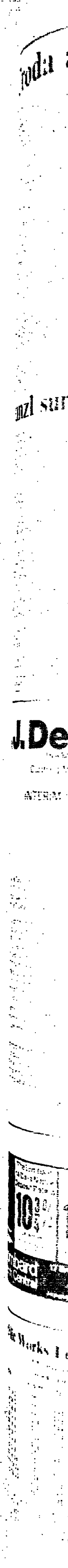
NORTHWESTERN Mutual of Milwaukee, the 10th largest U.S. life insurance group said yesterday that it is seeking to acquire a substantial majority stake in Baldwin-United's MGIC investment mortgage insurance unit.

Under the terms of the proposal, which was being studied yesterday by a commission of insurance regulators, Northwestern said it was "committed to invest" in a new company set up by a management group to buy MGIC from Baldwin-United, a financial services group which filed for protection from its creditors under Chapter 11 of the U.S. bankruptcy code a year ago.

IBH receiver calls on GM for DM 137m

THE West German court-appointed receiver of IBH Holding has formally demanded that General Motors of the U.S. hand over DM 137m (£84.6m) by the end of the month for capital increases GM made in IBH between 1980 and 1982.

The public demand is viewed in Germany as an attempt by the IBH receiver to bring the dispute a step closer to court.



UK COMPANY NEWS

Croda ahead and remains confident

A 20 per cent increase in taxable profits was achieved by Croda International in the first half of 1984 and Sir Frederick Wood, the chairman, is confident that the remainder of the year will show further progress.

The bulk of the rise from £7.02m to £8.52m was accounted for by two of Croda's five divisions together with a £772,000 reduction to £4.2m in interest payable.

Croda Chemicals International, which encompasses activities in fatty chemicals, lanolin derivatives, and gelatin, achieved higher turnover of £25.5m (£24.2m) and profits of £5.1m (£4.23m). This was achieved despite pressure on margins due to unusually high raw material costs in the natural oils and fats market.

Industrial paint, ink, resin and adhesive activities within the Croda Polymer division turned in higher profits of £1.39m (£894,000). A good profit was achieved in North America and a better result was attained in Australia but, at home there were still problems in printing ink.

Elsewhere, the application chemicals division was affected by the miners' strike but Croda

	First-half 1984		First-half 1983	
	Turn-over (£m)	Pre-tax profit (£m)	Turn-over (£m)	Pre-tax profit (£m)
Croda Chemicals	56.5	5.4	49.2	4.2
Croda World Traders	70.7	1.3	52.4	1.9
Croma Consumer	12.5	0.2	11.5	0.5
Croda Polymers	42.5	1.4	36.6	0.4
Croda Synthetic	—	—	13.0	0.3

† Sold October 3, 1983.

World Traders, agriculture, property income of £185,000 (£178,000).

Croda's tax bill rose by £481,000 to £3.7m, reflecting an increase from £1.2m to £1.8m in the overseas charge.

Earnings per share are shown as 4.39p (3.46p) and the interim dividend is being held at 3p net per 10p share.

After dividends, minorities and extraordinary debits of £430,000 (£317,000), relating to the disposal of London Oil Medicine, the retained profit came out at £1.05m compared with £164,000.

In calendar 1983, Croda

achieved taxable profits of £17.57m on turnover of £341.13m and paid an unchanged final dividend of 4p.

Comment

A profit retention of more than £1m marks a milestone of sorts for Croda and should embellish its attraction as a yield stock. At 118p, down 3p, the shares now offer 8.5 per cent on a rather more respectably covered dividend. But these results otherwise add precious little to the brokers' buy story: there are one or two disappointments—for example at Croma Consumer Products and at London Oil Medicine, now sold—but these are not the stuff of a take-over rationale to help fuel a bid premium in the market. At the same time, the still generally robust performance of Croda Chemicals International remains ennobled by too many plodding businesses to prompt much excitement over the growth prospects. Croda Polymers has improved its return on capital, but still looks a suitable case for treatment before a satisfactory level of profitability can be achieved. For the year, group pre-tax profits of £21.1m or so would imply a current p/e multiple just under 12.

£5m midway profit lift at Hepworth Ceramic

BY FAR and away its largest ever half-time profit is reported by the Hepworth Ceramic Holdings group, but on prospects for the rest of the year the chairman Mr Peter Goodall sounds a note of caution. The interim dividend, however, is raised from 2.5p to 2.75p net.

In the first six months of 1984 this manufacturer of vitrified clay, plastic pipes and refractory products, an increase in turnover of £22.07m to nearly £190m, and an advance in profit before tax of £5m to £20.06m.

Mr Goodall says the profit is to a major extent a direct result of the long-term commitment to research, development and investment in modern production techniques. In the period all sectors have performed well, that there appears to be a slowing down in the economy. If it persists, he says, it must have some effect on the second half of the year—profits for that period in 1983 came to £18.47m and the final dividend was 3.6p.

Portals Holdings PLC

Banknote and Security Paper, Water Treatment, Engineering, Property

RESULTS FOR THE HALF YEAR TO 30th JUNE 1984	Six months to 30th June 1984 £ thousands	Six months to 30th June 1983 £ thousands
Group Turnover	101,260	90,061
Group Profit before Taxation	7,224	7,010
Profit attributable to Ordinary Shareholders	3,954	3,379
Earnings per Ordinary Stock Unit	21.71p	18.72p
Interim Dividend	6.50p	6.25p

THE HALF YEAR

In Papermaking after a slow start our order book is looking a lot more healthy than it has for many months.

In Water Treatment the strong surge in profits in 1983 has been maintained in the first half of 1984.

The Engineering Division improved its results as compared with the same period last year.

Our balance sheet remains strong and we are eagerly seeking ways to expand our business.



For a copy of the full interim statement apply to: The Secretary Portals Holdings PLC, Laverstock Mill, Whitchurch, Hants. RG28 7NR. Telephone: 0256 82 2360.

Bunzl surges 53% and says more to come

THIS YEAR will see a major profit advance at Bunzl, says Mr Ernest Beaumont, the chairman, who yesterday reported a 53 per cent advance from £7.9m to £12.09m for the first six months to June 30.

Bunzl's distribution division provides most of the increase with a £4.81m rise to £7.29m in trading profits.

"The substantial progress in the first quarter of 1984 reported at the AGM in May accelerated in the second quarter," says Mr Beaumont.

In addition, he says that with a second balance sheet profit increasing to seek opportunities for further growth.

He points out that the policy of expansion through organic growth and acquisition in the U.S., the UK, and Australia has been maintained. The aggregate cost of five acquisitions during the first half was £12.4m, of which £2.8m is deferred, partly conditional on future results.

In the U.S., Bunzl purchased ITR (Richmond, Virginia) which, says the chairman, will enhance the American presence of

Filterona Instruments and Automation in the growing field of automatic instruments for the tobacco industry. Bunzl also acquired Liberty Paper & Bag (Detroit), complementary to the PCL/Mac-Pak distribution group of companies, and Grant Paper (Philadelphia), which is now part of the merchandising division.

The Filterona division, filter and non-filter activities combined, contributed £3.45m, against £3.8m in the interim result on turnover ahead at £46.25m (£41.79m).

In the UK, Bunzl purchased 80 per cent of Mason's Paper, an East Anglia-based fine paper distributor, which complements other group businesses in the UK paper distribution sector.

Bunzl also acquired Perth-based distributor of packaging, paper and plastic supplies, Mallin Paper. The other Australian paper distributors owned by Bunzl are National Paper, Melbourne, and United Supplies, Sydney.

Shareholders are being rewarded with an effective 0.75p increase to 3.25p in the interim

dividend, with earnings per share, adjusted for a one-for-one scrip issue, shown 2.87p higher at 10.6p.

Bunzl achieved £17.33m pre-tax in calendar 1983 on turnover of £94.55m.

Group turnover for the six months rose from £22.13m to £26.25m and trading profits surged by £5.5m to £13.41m. Associated companies contributed more at £1.48m (£1.28m) but interest payable rose to £2.8m (£1.22m).

Tax took £5.29m (£3.35m), minorities accounted for £757,000 (£681,000), and extraordinary debits absorbed £586,000 (£11,000), to leave the attributable balance at £5.45m (£4.08m).

balance it must have been more favourable than not, but even so organic growth accounted for about a third of the interim advance which is pretty impressive given the maturity of the filter side of the business. Merging acquisitions are likely in the U.S., particularly in the western states, yet the immediate ambition is to land a UK deal. Its operations are strong cash generators, despite all the purchases capital gearing is only 30 per cent and Bunzl's reputation is good enough in the City for the directors to contemplate some gentle diversification without fear of the shares suffering. The price has travelled a long way in the last few years but the group retains a strong fan club and a prospective earnings multiple of about 13 at 30p is unlikely to deter members.

Francis on target to reach £2.2m

Including a £100,286 contribution for five months trading from the newly acquired Shemtec Packaging, profits before tax and extraordinary items rose from £469,000 to £1.25m in the first half of 1984 for Francis Industries.

The figure represents an improvement following a run of depressed results from the engineer which manufactures and packages industrial products mainly for the petrochemical, food, paint, and automotive industries. Profits for calendar 1983 were £726,886.

The directors have declared an interim dividend of 3p net per share, 2p up on last time. In April they started their intention to restore dividends to at least the 5p level of 1981, and they now confirm their forecast of 5p total for the current year (3p).

Mr G. Alexander, the chairman, says Sagar-Richards and Clearplas have both made valuable contributions to group profits. The profit result for the half year is consistent with the projected full year profit forecast of £2.2m before tax, plus £170,000 after interest on the purchase consideration.

Sales for the companies other than the new acquisition were 37 per cent ahead at £21.9m (£18.94m). Tax took substantially more at £250,000 (£94,000) to leave net profit at £996,721 (£775,110).

There is nothing like a bid to get a company performing and, the country's labour relations permitting, Francis Industries should make around £2.2m this year. With David Abell's Suter sitting on 42.5 per cent of the equity after the abortive bid it seems a fair gamble that another offer will eventually be made for Francis either from Suter or someone willing to take Mr Abell out at a profit. All that Francis directors can do is to maximise the profits line so that shareholders get the best price possible. The earlier strategy of diversification by acquisition has been consigned to the waste bin and today organic growth is the watchword. That said the opportunities to really accelerate in its existing markets are not strikingly obvious. The promise of steady earnings and organic growth may not be enough to sustain shareholder loyalty if predators strike again offering a prize of a quick capital gain. At 125p the shares stand 10p above Suter's earlier offer and on a prospective p/e of 8.2 assuming a 20 per cent tax charge.

comment

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LADBROKE INDEX
Based on FT Index
842-847 (+9)
Tel: 01-427 4411

I.J. Dewhirst Holdings p.l.c. Clothing Manufacturers

	26 weeks ended 13th July 1984	26 weeks ended 15th July 1983	52 weeks ended 13th Jan. 1984
Sales	£'000's 19,446	£'000's 16,161	£'000's 33,691
Profit before Taxation	1,826	1,629	3,417
Estimated Taxation	621	436	915
Profit after Taxation	1,205	1,193	2,502
Earnings per Ordinary Share	2.37p	2.35p	4.93p

Trading conditions started well in the half year, but by mid May the Miners' Strike was taking the edge off demand. Under the circumstances I am, therefore, pleased to be able to report that we have increased our sales by 20.3%. Margins have been increasing, but the operating profit has increased by 19.3%. Due to our capital expenditure programme net investment income is at a reduced figure, bringing down the increase in pre-tax profits to 12.1%. The 1984 Budget changes in Company taxation have caused an increase in our tax charge, although part of the charge will represent a deferred tax provision. We anticipated these factors and they were referred to in the Annual Report circulated to shareholders in May 1984.

The Directors have declared an interim Ordinary Dividend to be paid on the 23rd November 1984 of 0.25p per share which, after adjusting for the scrip issue in June 1984, compares with 0.25p last year. This is an increase of 13.3%.

Forward orders are significantly higher than last year, and we have the production capacity to support the increase in demand. The pressure on profit margins is likely to continue. The level of sales since the half year end is encouraging, and unless there is a further escalation of industrial unrest, I anticipate that we shall continue our progress in the full financial year.

Alistair J. Dewhirst, Chairman

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Public Works Loan Board rates

Years	Quota loans repaid		Non-quota loans A* repaid	
	by EPI†	At maturity‡	by EPI†	At maturity‡
1	11 1/2	11 1/2	12 1/2	12 1/2
Over 2, up to 3	11 1/2	11 1/2	12 1/2	12 1/2
Over 3, up to 4	11 1/2	11 1/2	12 1/2	12 1/2
Over 4, up to 5	11 1/2	11 1/2	12 1/2	12 1/2
Over 5, up to 6	11 1/2	11 1/2	12 1/2	12 1/2
Over 6, up to 7	11 1/2	11 1/2	12 1/2	12 1/2
Over 7, up to 8	12	12	12 1/2	12 1/2
Over 8, up to 9	12	12 1/2	12 1/2	12 1/2
Over 9, up to 10	12 1/2	12 1/2	12 1/2	12 1/2
Over 10, up to 15	12 1/2	11 1/2	11 1/2	11 1/2
Over 15, up to 25	11 1/2	10 1/2	11 1/2	11 1/2
Over 25	11	10 1/2	11 1/2	11 1/2

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

BOOKER'S WORLD A CLEARER FOCUS; SHARPLY INCREASED PROFITS

From the statement of Booker McConnell's Chairman, Michael Caine, on results for the first half of 1984:

"The results demonstrate the strong growth which is being achieved in Booker McConnell. Overall, profits before tax increased by 98% from £5.6m to £11.1m, and earnings per share by 83% from 2.96p to 5.41p compared with the first half of 1983.

Ibec achieved an excellent result with the contribution to your group being further enhanced by the increase in our equity interest from 45% to 80% in April 1983. Our Food Distribution operations are now benefiting from the reorganisation and rationalisation which have taken place in that business.

As in earlier years, we expect the greater part of our profits to be earned in the second half of the year, but the increased proportion of agricultural profits and the disposal of the seasonal spirits, liqueurs and wine businesses will lessen the imbalance between the first and second halves.

The process of concentration is almost complete. Within Agriculture and Health Products, we have "sunrise" businesses with considerable potential for organic growth. The recovery in Food Distribution following the reorganisation will continue. We have substantial resources to finance expansion, particularly in the US and the UK, within our chosen areas of development.

The results for the first half year provide a solid foundation for a substantial increase in pre-tax profit for 1984 as a whole and for further progress thereafter.

The board has declared an interim dividend for 1984 of 2.75p per share (to be paid on 2 January 1985) compared with 1.65p for 1983. In line with the board's forecast on 15 June, the final dividend is expected to be not less than 4.25p per share*.

- Profit before tax for the half-year up 98% from £5.6m to £11.1m and earnings per share up 83% from 2.96p to 5.41p.
- Interim dividend increased by 67% in line with the previous forecast of total dividends for 1984.
- Profit from Agriculture more than doubled.
- Health Products level at the half-year reflecting a strong performance in the UK offset by a loss in the US prior to assimilation of the recently acquired Radiance business.
- Continuing recovery in Food Distribution with an encouraging profit in the first half-year and the integration of Bishop's stores ahead of schedule.
- Further rationalisation of the group's other activities, with the sale of Coe Metcalf and termination of Booker Line.
- A strong balance sheet with the resources to finance expansion.
- A solid base established for a good result in 1984 and further progress thereafter.

	Half-year to 30 June 1984 £'000	Half-year to 30 June 1983 £'000
TURNOVER	473,687	443,346
PROFIT BEFORE TAXATION	11,132	5,625
ATTRIBUTABLE PROFIT AFTER TAXATION	6,814	3,715
EARNINGS PER ORDINARY SHARE OF 25p	5.41p	2.96p
DIVIDEND PER ORDINARY SHARE OF 25p	2.75p	1.65p

To: Booker McConnell PLC, Bucklersbury House 83, Cannon Street, London EC4N 8EJ

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Booker McConnell PLC
LEADERS IN TOMORROW'S WORLD



Garfunkels devours restaurant rival

BY WILLIAM DAWKINS

Garfunkels Restaurants is acquiring its chief rival, also quoted on the USM, Strikes Restaurants in an agreed share deal valuing Strikes at \$5.75m.

Garfunkels is offering 37 of its own shares for every 70 Strikes shares, valuing the Strikes units at \$2.5p each if every Garfunkels share is priced at 175p.

Comfort Hotels, which placed 10 per cent of the Strikes equity on the USM in April last year, has irrevocably undertaken to accept the offer.

The year to last January, Garfunkels last month announced that its profits for the six months to July had more than doubled from £221,000 to £502,000 on turnover up from £3.52m to £4.93m.

Tate waits for OFT decision on Unilever

Tate & Lyle will wait to discover whether the rival bid for Brooke Bond from Unilever is referred to the Monopolies Commission before deciding whether to withdraw its own offer.

Chubb digs in against Racal with promise of dividend rise

BY CHARLES BATCHELOR



Eddie Weiss (left), Chubb finance director; William Randall, chairman; and Philip Crossland, managing director.

Chubb & Son, the locks and alarms group which is fighting off a £144m takeover bid from Racal, yesterday promised shareholders an increase of at least 30 per cent in its total 1984/85 dividend to 7.735p.

Mr William Randall, Chubb chairman, in a 12-page circular urging shareholders to reject the Racal offer, said: "Your board has no hesitation in forecasting record profit for the current financial year."

Commenting on the sharp fall of Chubb profits from a peak of £15.2m in 1978 to under £7m in 1981 Mr Philip Crossland, managing director said: "We were all thinking that the market would turn up and were slower reacting than we should have been. We have learned we must move a bit more quickly."

Carless forecasts 50% profit expansion

BY DOMINIC LAWSON

Carless Capital & Leonard has sent out its formal offer document for £100m all-share bid for fellow oil company Premier Consolidated Oilfields.

The chairman adds that Carless is confident that the rate at which Premier's assets are exploited for the benefit of shareholders will be substantially increased as a result of the merger.

Mr Nicholas Jones, a director of Schroder Wages, a Carless adviser, retorted yesterday that the Carless document added no fresh reasons for a merger.

Abandons this particular well the better. The document says that the offer would give Premier shareholders about 40 per cent of the equity of Carless.

COMPANY NEWS IN BRIEF

Hampton Trust, a UK property investor with exploration interests, returned pre-tax profits of £112,000 over the year ended March 31 1984, compared with previous losses of £28,514.

The trading result to May 29 1984 compares with a £48,000 profit last time, but the directors consider that the unexpected setback to the company's expansion plans to be "only a temporary disruption of strategy".

At the end of its first full year's trading as a public company DPCE Holdings, independent computer maintenance group, has turned in pre-tax profits up from £1.2m to £1.9m for the period to June 30 1984.

INTERIM STATEMENT British Airways

A SUCCESSFUL FIRST QUARTER



The Board of British Airways Plc announce the unaudited results for the 3 months ended 30th June 1984.

Table with 3 columns: Group Results, 3 months ended 30 June 1984, 3 months ended 31 March 1984. Rows include Turnover (Airline, Other), Airline operating surplus, Subsidiaries operating surplus, etc.

The unaudited results for the periods of three months ended 30th June 1983 and 1984 have been determined in accordance with the accounting policies used for the year to 31st March 1984.

The volume of mainline traffic in this quarter increased by 11.6% in terms of passengers and 9.9% in terms of revenue passenger kilometres over those for the 3 months ended 30th June 1983.

Table titled 'DIVIDENDS ANNOUNCED' with columns: Company, Current payment, Date, Correlation, Total for year, Total last year.

BANK RETURN

Table showing banking department figures for Wednesday September 5 1984, including liabilities, capital, and assets.

BANKING DEPARTMENT

Table showing banking department figures for Wednesday September 5 1984, including liabilities, capital, and assets.

ISSUE DEPARTMENT

Table showing issue department figures for Wednesday September 5 1984, including liabilities, notes issued, and assets.

Advertisement for Granville & Co. Limited, Member of NASDIP, 27/28 Lovat Lane London EC3R 8EB. Includes an 'Over-the-Counter Market' table.

Advertisement for MRES (Minerals Resources), an open ended fund specializing in shares of precious metals, oils and other minerals.

Advertisement for Sandvik AB, Sweden, Semi-Annual Report, 1984. Includes contact information for the Board of Directors.

Advertisement for British Telecom, featuring the slogan 'Their words, not ours.' and contact information for Rochdale Industrial Development & Advisory Centre.

THE PROPERTY MARKET BY JOAN GRAY

Billingsgate becomes a smart new banking centre

NOW THAT the smell of fish has gone from its narrow cobbled streets, Billingsgate is rapidly becoming London's smart new banking centre.

Three major banks have recently announced that they are moving into the old fish wholesaling district within sight of the NatWest tower: splendidly decaying Victorian buildings such as Monument House near where the Great Fire started are being demolished to make way for glossy premises suitable for high-paying tenants.

In one of the biggest lettings anywhere this year, Samuel Montagu announced that it is taking the disused Victorian Billingsgate fish market building, and the two new blocks being built in the tony park next door, for offices at a rent of more than £8m a year; Nomura, the UK subsidiary of Japan's largest investment bank, will be moving into Centurion House, now being built opposite the Monument to the Fire of London while S. G. Warburg has taken King William Street House by Fishmongers Hall.

On a smaller scale, the big banks are being joined by a shoal of smaller financial institutions, contributing particularly to the early success of Guardian Royal Exchange's new City Village. This is being built in cobbled Lovat Lane, on the site of the old wholesale fish traders' premises, opposite the Market.

Following the "your office is

your castle" principle, GRE is building a group of six small, individually styled "office houses"—of which three of the first four to become available have already been let.

One has gone to the issuing house Granville and Company, and the other to investment manager Fidelity International, which has also taken an over-riding lease on the house next door for expansion.

"We always thought it was an area that would improve when it became less pungent in summer," said GRE's principal investment surveyor Ms Nicola Wilson. "The only surprise for us has been the strength of interest from the financial market."

"We had expected to see more interest from insurance companies, but they've been ripped to the post by the financial people. All the indications are that Billingsgate is set to become the second major banking centre in London and we're slightly surprised and very delighted."

Springer, Kemp-Gee analyst Mr William Martin. "It is a natural for commuters because its near Monument, Tower Hill, Fenchurch Street and London Bridge stations, it is a pleasant location with historical interest, and it is on the river."

"The Billingsgate market development was the real trigger, and the relocation of Montagu is taking both the 185,000 sq ft new offices being built next to the market and

the old Victorian building itself. This is being refurbished to produce a further 60,000 sq ft of offices, with probably five shops and perhaps a restaurant or two on the ground floor, as well as a health club in the basement.

"And there have been no problems with the cold stores unfreezing, or with fishy smells, or with the building sinking into the river," said Mr Peter Goldsmith of Sinclair Goldsmith, letting agent with Hillier Parker.

There had been plans to have two small flats in the market building, in the turrets on the roof overlooking the river, but these, along with any prospect of the market becoming a second Covent Garden style centre in the City, have disappeared.

Smaller buildings are also commanding far higher rents than would have been dreamt of in the old fish market days. Space in the City Village is letting at between £24 and £25 a square foot, and agents are using a combination of this and the figures achieved in the big lettings to produce ambitious targets for their new projects.

James Lang Wootton, for example, will be asking more than £20 a square foot for small refurbished offices in 1-2 Pudding Lane when they come on to the market early next year. Provided Spayhawk gets planning permission for its proposal to demolish the Victorian Manum House and build 15,000 square feet of new offices in its place, Savills will be asking rents around £27 a square foot—comparable with the much larger Centurion house next door—when it comes on the market in 18 months time.

Samuel Montagu's decision to take Billingsgate Market for its offices gave the area its biggest boost so far, setting the seal on its future as a smart banking centre and clearing the cloud of doubt which had hung over since the fish market closed.

Financial institutions like Samuel Montagu will pull in the manna as well as the giants. Companies such as Samuel Montagu are moving to Billingsgate because they need large areas of top quality office space which are hard to find—not to mention exorbitantly expensive—near the centre of the City.

In the latest crop of major lettings, the big banks are all paying rents of around £27 a sq ft for their new Billingsgate offices. This compares with a more central City level of about £32 a sq ft rising to the £51 a sq ft asked for the expensively fitted and chandeliered United Bank of Kuwait premises in Cornhill.

The Billingsgate rents may be comfortably below those of the central City, but the agents are chuckling contentedly in their agreement that the market in Billingsgate has already changed phenomenally and is still growing fast.

"Rents have risen generally, but this area has outstripped the average," said Mr Donald Newell, senior partner in Hillier Parker.

A series of large buildings has been let over the last few years, each setting a new level of rent for the area: from £14.50 a sq ft for Seal House in 1978 to £19 a sq ft for St Magnus House to the Midland Bank in 1980; to £22 a sq ft for Peninsula in 1981.

"I would give the area eight out of ten for prospects," said Dr Gagan. "There was a time when the fate of the old market was said to hold out a chance of increasing the area's social and tourist potential. This possibility would now seem to have receded—but what are the City of London's plans for the area?"

"We are looking for office development in the City, which is recognised as the primary office area in London and the country," said Dr Keith Gagan, chairman of the City's planning and communications committee.

"Billingsgate is an extension of the existing centre of the City and we are committed to encouraging office development which feeds Britain's international requirements. That is our prime objective."

Dr Gagan emphasises that he

does not just want to see large office developments, but also wants to encourage small developments along the lines of GRE's City Village.

"We would like to develop that area particularly for small businesses and shops to complement the larger Billingsgate development," he said. "The corporation is seeking to retain a mixed community and recognises that shops are particularly important for people working in the area."

Neither housing nor tourism loom large in the City's plans. Dr Gagan points out that "housing is unproductive for employment." He adds, however, that it is acceptable in areas near the river and where the traffic is not too heavy, such as on nearby sites at Sunlight Wharf and by Southwark Bridge, where schemes which include some housing are being considered.

As for tourism, Dr Gagan is not overly enthusiastic. In spite of its proximity to the Tower of London and the Monument, he describes Billingsgate as "somewhat remote from the main tourist area, and it fronts on to a busy road, Lower Thames Street, which is a hazard to foreign tourists."

"The City of London is not particularly a tourist area—it is primarily a business area," he said. "And though we must cater for tourist needs there is no particular stance to encourage tourism because we encourage business and tourism do not mix."



New office blocks tower over old Billingsgate.

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Rothmans International

How 'mini-factories' boost production

Lisa Wood on what group working has done for the tobacco group

CIGARETTE manufacturers rarely hit the headlines except when under attack from either the Chancellor of the Exchequer or the anti-smoking lobby. Faced with the onslaught of these two parties, which has helped cut cigarette consumption in Britain from 136bn in 1972 to under 100bn last year, some manufacturers have been orchestrating a revolution which has given a major boost to employee productivity.

Ten years ago production lines at the Northern Ireland factory of Rothmans International, Britain's third largest cigarette manufacturer, produced the equivalent of 7m cigarettes a year per employee.

Today, uniformly blue-suited workers operate in self-contained "mini-factories," taking the cigarettes from leaf to carton, and producing the equivalent of 12.2m cigarettes a year per employee.

But, according to Tom Rainey, the factory's operations manager, a major reason for the re-equipment programme is not the most important reason for improved productivity. Group working, he rather proudly claims, is the key.

Total group working—that is the organisation of a workforce into small semi-autonomous multi-skilled teams—is relatively new to British industry. Only a few other major companies—for example, Whitbread, the brewer; its Welsh Magor Brewery in Wales, and Trebor, the sweet maker at its Colchester plant in Essex—have introduced schemes as comprehensive as that which Rothmans has put into all three of its UK plants.

Group working at Rothmans' Northern Ireland factory at Carrickfergus superseded already well established traditional working practices. By contrast, when Rothmans built a new factory at a greenfield site at Spennymore in County Durham in 1979, it operated group working from the outset.

The Northern Ireland plant opened in 1984 at a time of large-scale investment in the province. Rothmans itself was at a crucial stage of growth,

seeking to boost its three per cent share of the UK domestic market.

By 1989 market share was six per cent with the plant in continuous production to meet demand. But to achieve the required volumes management had concentrated on maintaining production levels and had ignored industrial relations problems. "The company tended to make pure industrial relations problems never stopped production," says Rainey. "As a result we worked around problems with cash rather than solving them."

Crucial to cut waste

A combination of events led to a major re-examination of working practices in the mid-1970s, one of the most significant being changes in excise duty. These included the payment of duty on leaf tobacco when it came out of bond rather than when the finished product was invoiced to the customer. Elimination of waste on the factory floor therefore became crucial to an industry which had not been over-scrupulous about wastage.

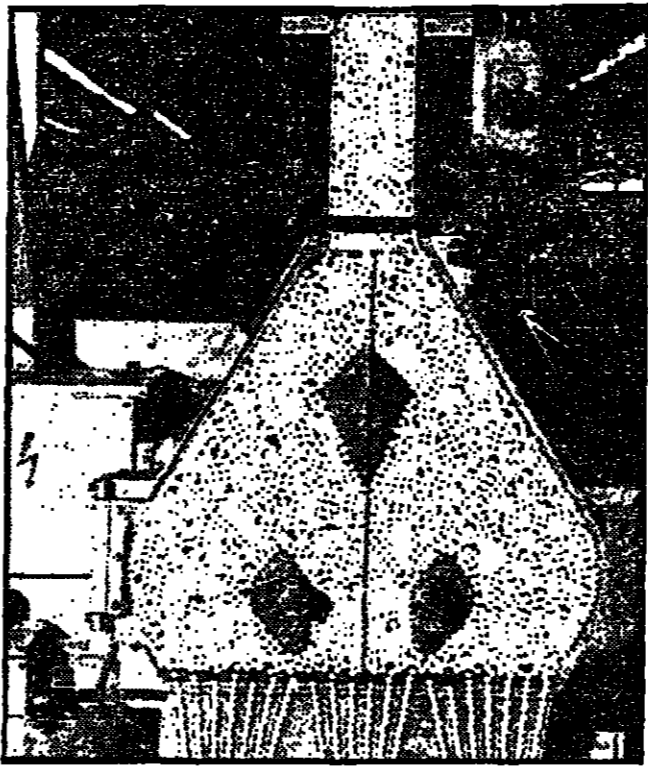
Management, backed by Frank Kenaghan, the group's then new director of manufacturing and distribution, a former management consultant, asked the workforce to join with it in a wide review of working practices.

It took two years for Rothmans to hammer out the new strategy. Then the package was officially put to shop stewards. Kenaghan told them that if they accepted, there was a secure future. If they did not, "market forces" would dictate the future of the factory. Three unions accepted on the deadline—the other two within the following week.

By the end of 1979 the whole factory was turned over to group working.

Not everyone liked the new idea. Sizeable numbers quickly took up the offer of voluntary redundancy.

Today, some 577 employees,



Part of the modern production line at County Durham

compared with 1,542 in 1975, work within eight self-contained manufacturing units and similar groups in all other departments.

The lynch pin of the whole enterprise, according to Rainey, is the group leaders. All the former supervisors were invited to apply for the posts. "No one was appointed who did not apply," says Rainey, adding that quite a few of the old supervisors left the company during the re-organisation. It also sizeably reduced tiers of management.

The job description was that of manager of a mini-factory. "We wanted people," says Rainey "who could deal with industrial relations at the point they occurred and not, as in the past, in the administration offices. People were appointed on their ability to manage and technical skills were not deemed to be essential."

Some of the leaders of the eight manufacturing groups are women and, they say, they have not experienced problems in an industry where jobs have traditionally been divided according to gender.

"It's your approach to people that counts," says Margaret Pollock, an astute and friendly woman who has been a group leader for five years. She talks enthusiastically about the increased job satisfaction group working has brought her.

As a chargehand her role was simply supervisory. "If problems occurred they went straight to personnel via the foreman," she says. "Today the only routine problems that go to personnel are queries over pensions."

As group leader she is not only responsible for personnel issues—including disciplinary action—but also ordering stock and meeting annual production targets.

"People on the shopfloor didn't know anything about budgets before group working," says Pollock. "They were simply never told."

She has a group of 18 people whom she says have knit tightly together and exhibit much more flexibility than in

Data protection

Dawn of the right to know

BY TIM DICKSON

NEXT Wednesday is an important date for companies which record personal details about their employees on computer. For, under the terms of the Data Protection Act, which received Royal Assent just before Parliament rose for the summer recess, individuals will be able to sue their employer for compensation if personal information about them falls into unauthorised hands.

Like the Health and Safety at Work legislation which has been implemented over the years, the Data Protection Act takes effect in several stages (Wednesday being the first) spread over several years. But while there would appear to be plenty of time before the most significant clauses begin to bite, companies likely to be affected will be well advised to start considering the implications as soon as possible (see below).

The Data Protection Act was the result of a number of UK parliamentary committees set up to study the potential threat of computers to individual freedom. It was also designed to enable the Government to ratify the Council of Europe Convention on Data Protection—were this not done there would be a danger that other countries would not allow their data to be sent to Britain, thereby seriously disrupting multinational corporations.

Under the Act individuals in the UK will for the first time have a right to know whether their company, or indeed an organisation or person, holds information about them on computer and to see a copy of that information in intelligible form. (Exemptions include

data held only for payroll and accounting purposes but it must not be used for any other purpose). Corporate data users, moreover, should not assume that this is just another job for the personnel department given the increasing tendency to store information about customers and suppliers.

Under the Act, data users (defined as people who control the use of automatically processed personal data) will have to provide details to be entered on the Data Protection Register, probably by some time around the end of next year. They will have to reveal the sort of data held, the purposes for holding it, the sources, and the people to whom they disclose the information. Companies will thus have to do a "systems audit" or "data census" to discover what is being stored and why.

Force to comply

The key figure in the interpretation of the legislation will be the Data Protection Registrar, Eric Howe, who takes up the post this month. Once he has made the necessary preparations the Home Secretary will appoint a day—sometime in the middle of 1985—after which data users will have six months to apply for registration.

There will then be a further 18 months — two years in all — before companies and other organisations will be required to grant individuals access to information about them and before the Registrar can force users to comply with internationally agreed data protection principles. (These set

standards for the collection, storage, access, security and use of personal data).

Six months after the Home Secretary's appointed day, however, it will be an offence not to apply for registration or to operate outside the registered particulars. From that date companies will also be liable to pay compensation for damage caused by inaccurate data (today they are just liable for damage caused by inadequate security).

According to Gill Cookson of the Industrial Society (which has drawn up the accompanying check list) the two most common misconceptions are that personal data only relates to employees and that information like names and addresses is beyond the scope of the legislation. "It doesn't matter how unexciting the data appears," she warned, "it still comes within the ambit of the new Act."

Checklist for Action

- 1—Appoint an individual to be accountable for implementing data protection.
- 2—Do a systems audit, surveying who holds personal data.
- 3—Survey security measures.
- 4—Keep a register of contents of systems for company's own use.
- 5—Decide on single or multiple entry.
- 6—Inform line managers and staff of requirements of Act.
- 7—Decide who will deal with requests from individuals for information.
- 8—Send out annually a copy of information stored on each individual.
- 9—Get documentation from Registrar when available.

TECHNOLOGY

COMPANY START-UP

Porton's biotechnology goes commercial

BY DAVID FISHLOCK, SCIENCE EDITOR

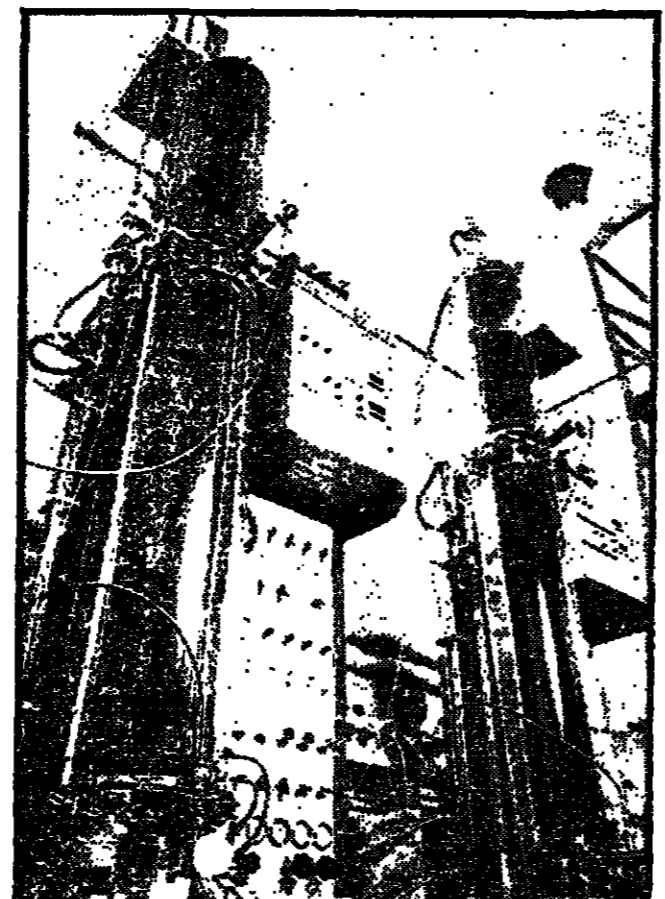
A NEW kind of biotechnology company with a strong emphasis on manufacturing rather than research makes its debut at the Biotech '84 conference and exhibition in Washington DC next week. Porton International is the brainchild of a London businessman, Mr. Wesley Haydon-Baillie, its chairman, who has spent nine years defining and then selecting the ingredients for a new biotechnology group.

Porton International, privately-owned and unquoted, starts life with headquarters in London and Washington, and with the financial backing of 15 City institutions, among them the pension funds of Barclay's Bank, Esso, ICI and the Imperial Group, and Legal and General Assurance. Most are making their first foray into biotechnology. But the backing is more than Celltech, says Mr Haydon-Baillie — has deliberately excluded venture capital, to stress that the group is not seen as a risk venture. (Celltech began life with £12m of venture capital in 1981, but since has gone public.)

The ingredients from which Porton has been fashioned include LH Fermentation, specialists in bio-reactors, which has supplied some of the most advanced small-scale fermenters and mass cell culture equipment in British and U.S. laboratories. Celltech's current production of monoclonal antibodies, for example, is based on LH airlift fermenters.

Another UK ingredient is Speywood, the blood products company, acquired in June. Speywood specialises in purifying blood products, notably in porcine Factor VIII, used to treat haemophilia. It has also funded successful research by the Californian company Genentech in the cloning of human Factor VIII, which could lead to a cheaper and purer source.

A third UK ingredient is a close relationship with government research, through the Centre for Applied Microbiology and Research (CAMR) at Porton Down, a laboratory respon-



100-litre bio-reactors by LH Fermentation, part of Porton International, used by Celltech to culture monoclonal antibodies on a large scale.

sible to the Department of Health. CAMR uses LH bio-reactors to produce the famous "Porton" pot for research and pilot production. The new group has government-funded development work on fermenters for CAMR. It has an exclusive licence to make and sell a new herpes vaccine developed at Birmingham University, acquired by Porton in a deal which just tipped a U.S. multinational. It is also funding its own research by CAMR, in which Porton's scientists participate.

CAMR has an official brief to commercialise its biotechnology. DHSS is funding a new £3m project which has created, partly to make the herpes vaccine, Porton has an agreement with CAMR for production in the new facility.

To these ingredients Porton is adding the small U.S. company, which has created International Medical Diagnostic which this year to specialise in diagnostic testing for doctors and the supporting clinical validation of new tests. Three Californian doctors are key figures in this operation. "It's not sufficient to prove utility—you've got to prove commercial benefit to the medical practitioner," says Dr Derek Layton, joint managing director of Porton.

OMEC International is a Washington-based biotechnology data bank providing intelligence on technology and patents to Porton itself, while publishing such ventures as a forthcoming international who's who of bio-engineering. IGB Products, in California, is the research arm of Porton, positioned to pick up quickly new academic advances in genetic engineering.

The company has been structured around ten basic divisions, delineated as providing all the technical strengths needed to see any biotechnology development "right through to the marketplace," Mr Haydon-Baillie says.

He brings to the group his experience as chairman of Watsham's, an old-established opti-

SECURITY ACCESS SYSTEMS

Attraction of the entry card

THE SLOTTLESS card access system developed by Schlage Electronics in the U.S. is being used by a new London company called Arrays as the key element in building access and monitoring equipment.

The card is not inserted into a slot but is simply held a few inches from a sensing unit built into the wall near to the door. The card contains electronic circuits that can be encoded with a number which defines the holder's right of entry. A computer in the wall unit examines the number and will send signals to release the electric door lock if authorised.

The absence of a slot means that the card does not suffer from wear due to continual insertion and removal. Some cards contain the data to be read on or near the surface and abrasion can cause degradation. Furthermore, the user does not even have to remove the card from wallet or purse — these are simply placed near the reader surface.

The Schlage card is basically a piece of double-sided printed circuit board with two passive time circuits on each side. The card is encapsulated to produce two blank smooth surfaces the size of a credit card.

The frequencies of the four circuits can be altered from card to card. The reading device in the wall sweeps the total band of frequencies (between 3 MHz and 27 MHz) some 16 times a second and detects the resonant peaks, which are represented as a number by the computer.

An advantage of the Schlage system, which is called "Proximity," is its durability. The sensing elements are encased in vandalproof, dirt-proof, weatherproof and shock-resistant plastic. Also, since the reader can be surface mounted, attached behind glass or even concealed within a wall, it offers high security and greater architectural flexibility.

The cards are relatively expensive—in the region of £5 each depending on quantity—but they have a five year guaranteed life.

As with all electronic card access systems, proximity has the advantage that if a card is lost or stolen, the reader computer can be informed to void the card.

In addition, because of the flexibility of the control electronics, it becomes possible to combine access control with fire and intrusion systems.

Mr R. Corden, chairman of Arrays, believes that the system will offer all users to dispense with security guards and receptionists. He thinks the property market, too, is changing, with high rents and high service charges. "It will be harder to let property under these circumstances," he said, "and this system keeps costs down."

Several levels of system are available. A simple version, model 114, simply compares the card's resonant frequencies with its own internal quartz crystal oscillators. More complex systems use multiple scanning and encryption techniques. Typically, equipment to protect eight doors, with processor, printer to record events at the doors, and a status display, costs between £8,000 and £10,000. Arrays is arranging for connection of the system to British Telecom's Care network for transmitting alarms to central security stations. More on 01-248 6504.

GEOFFREY CHARLES

Military satellite launches

Rockets versus shuttle

EXPENDABLE rockets are better than the Space Shuttle for launching military satellites, says a study from the National Research Council in the U.S. which is advising the Department of Defence on military space hardware.

Officials of the National Aeronautics and Space Administration have expressed concern over the military's study into alternative rockets as they had estimated that more than one third of shuttle flights would be booked by the military.

The Atlas II Centaur, the Titan 34DT and the SRB-X were all cited in the report as alternatives but need redesign to handle the larger payloads planned for the future.

EDITED BY ALAN CANE

Metal recovery

SKF plant underway

UNDERWAY yesterday was SKF Steel's SKR 200m plant to recover valuable metals using its plasma technology. The plant, based at Landis, known in Southern Sweden, will produce 39,000 tonnes per year of iron, chrome and other metals such as zinc, lead, nickel and molybdenum.

Plasma technology is based on passing a gas through two copper electrodes. Energy supplied by the electrodes ionises the gas. This produces a powerful and extremely hot gas stream which can be used to reduce metal oxides to pure metal.

The plant makes use of steel mill bauxite dust produced in Northern Europe. This dust is otherwise simply a waste problem. In the plasma process there is little or no waste product. It generates excess energy in the form of a hot gas which can be used to supply a range of heating services.

Soon under construction will be a second plant for Swedechrome, a Swedish consortium. It intends to concentrate on producing 78,000 tonnes of ferrochrome a year.

Automation

Cutting sheet metal

DIGITAL EQUIPMENT Company of Reading has supplied a £400,000 manufacturing system to Westland Helicopters for small two-dimensional parts that are cut from sheet metal.

Geometrical information about the parts is stored in the system's central VAX-11/750 computer, which is able to carry out the "nesting" process by which the parts are cut from the sheet with the minimum of waste.

The computer passes the nesting data to a PDP-11/23 which then supplies machining data to the cutting tool. The whole process is very rapid so that a change of requirement on the sheet can be accommodated in a few minutes. More on 0724 868711.

The good news is FERRANTI Sealing technology

Hand tools

Battery drill

SOMEONE has come up with the idea of a combined battery powered drill and screwdriver. AEG-Teletuben is the company concerned. It says that on one battery charge it is possible to drill up to 120 holes of 5 mm diameter in steel sheets.

The machine has a 10 mm chuck so that it is possible to handle most commonly used drill bits. It also operates at two speeds—300 or 600 rpm—depending on whether it is being used as a drill or screwdriver. More information from the company in Slough on 0753 872501.

Retail

Computer network

THE £45m turnover Clydevale retailing group is to spend more than £500,000 on a computer communications systems between its 120 offices, shops and warehouses throughout the country.

These locations are to be connected into its Rutberglan computer centre in Scotland by the end of April next year. Every electronic till will be connected into the system. Transfer of transaction details will take place during the evening when the Rutberglan main computer dishes each branch to take information from each till's memory.

These are then processed and turned into management and sales information. It is estimated that 2.25m transactions are carried out within the group each year. The Clydevale group operates in the highly competitive electrical goods retail business, though musical instruments, furniture and alarm systems are other activities.

مركز الصحافة

SECTION III - INTERNATIONAL MARKETS FINANCIAL TIMES

Friday September 7 1984

NEW YORK STOCK EXCHANGE 22-24 AMERICAN STOCK EXCHANGE 23-24 U.S. OVER-THE-COUNTER 24, 32 WORLD STOCK MARKETS 24 LONDON STOCK EXCHANGE 25-27 UNIT TRUSTS 28-29 COMMODITIES 30 CURRENCIES 31 INTERNATIONAL CAPITAL MARKETS 32

WALL STREET Upturn lacks widespread endorsement

A STRONGER performance was turned in by Wall Street stock markets yesterday after the easier mood of the past 10 days, writes Michael Morgan in New York. Turnover picked up due to the reappearance of institutional buying and the view that with stocks at lower prices there were bargains to be found.

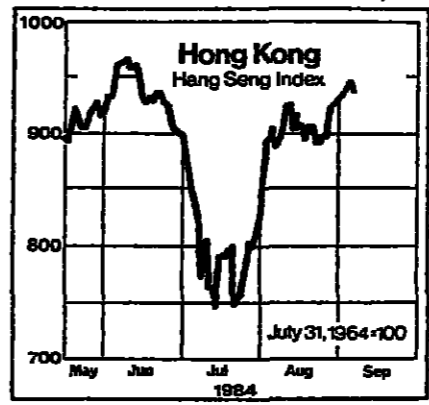
The aggressive manner in which the Fed has added liquidity this week has surprised some analysts. However, there is a broad consensus that the Fed's action does not indicate any easing of credit policy and is instead the result of technical factors. Prices of Treasury bills and notes all posted advances. At the longer end, the key long bond, the 12 1/2 per cent of 2014, built on an early advance adding 3/8 to 100 1/4 late in the day.

was still 5% higher at \$73 3/4 after being targeted for strike action by the United Auto Workers. Chrysler was 5% firmer at \$29 1/4 after its announcement of a rise in the quarterly dividend. American Broadcasting at \$74 1/4 gave up 5/4 of the \$6 advance seen in the previous session on rumours, since denied, that Capital Cities Broadcasting planned a bid. Capital Cities traded up 3/4 at \$167.

TOKYO Blue chips' lustre lessens

ENTHUSIASM waned further in Tokyo yesterday, reflecting the continued drop on Wall Street, and prices were driven down sharply across the board, writes Shigeo Nishiwaki of Jiji Press. Buying of small-capital, cash-traded issues petered out, and many blue chips declined. The Nikkei-Dow market average fell 67.06 to 10,458.49. Losses outnumbered gains 486 to 208, with 172 issues unchanged. Volume totalled 212.9m shares against 260.02m the previous day.

and Nagoya exchanges, raising hopes for revived popularity of blue chips. But the 19m shares sold by foreigners yesterday through Japan's big four brokerage houses far exceeded the 11.5m they bought. A wary mood prevailed on the bond market due to the plunge of European currencies and easing of the yen against the dollar.



NERVOUS INVESTORS stayed on the sidelines in Hong Kong as prices eased in light business. Their caution arose from news of an extension in the talks about the colony's future. Concern about the course of U.S. and domestic interest rates added to the tentative tone which saw a sharp fall in turnover. The Hang Seng index dipped 10.94 to 935.93.

LONDON Search for export advantages

LEADING industrial shares with overseas earnings potential began to attract the attention of institutional investors in London yesterday, bringing a brighter closing tone. Sterling's weakness against the dollar turned attention to UK exporters to the U.S. and groups with foreign subsidiaries, where income should benefit from the lower pound. Interest in so-called international stocks mounted after British Petroleum's announcement of a sharply higher interim dividend. BP rose 20p to 493p while British Oil climbed 6p to 198p.

KEY MARKET MONITORS

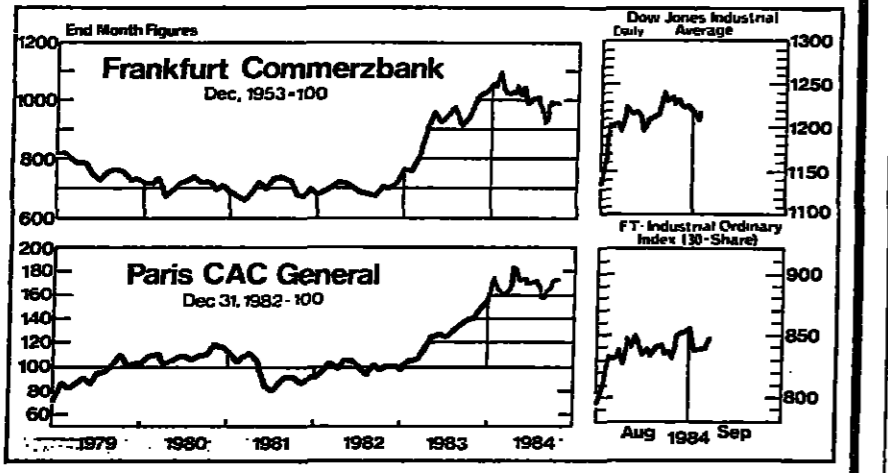


Table with multiple columns: STOCK MARKET INDICES (New York, London, Tokyo, Australia, Austria, Belgium, Canada, Denmark, France, West Germany, Hong Kong, Italy, Netherlands, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, World), CURRENCIES (U.S. Dollar, Sterling, Euro-currencies), INTEREST RATES (Euro-currencies, FT London Interbank), U.S. BONDS (Treasury, Corporate), FINANCIAL FUTURES (Chicago, U.S. Treasury Bonds, U.S. Treasury Bills, Certificates of Deposit), and COMMODITIES (Silver, Copper, Coffee, Oil).

EUROPE Fabius finds favour from Paris

ASSURANCES by M Laurent Fabius, the French Prime Minister, that anti-inflation measures would be maintained received a favourable response on the Paris bourse yesterday, enabling it to break loose from the downward pressures being felt elsewhere. While other Continental centres, dispirited by the dollar's ascent, traded lethargically at mainly weaker levels, French shares drew moderately busy activity and achieved widespread gains.

The bourse owes much to austerity. Paris was in the forefront of the price run-ups seen in the first few months of the year, and this was attributable largely to the restraints imposed following the Socialist Government's policy turn round. Underpinned by M Fabius's rejection of any economic risk-taking, advances included FF 50 for CIT-Alcatel to FF 1.155, FF 13 in Radiotechnique to FF 280 and FF 22 by Michelin to FF 657. Dumez was among the few exceptions, losing FF 11 to FF 726.

Also of assistance, though, was a 1/4-point cut by the Bank of France in its money market intervention rate to 11 per cent, effective from today. By contrast, Frankfurt buyers were in markedly short supply. Although selling pressure remained light, the Commerzbank index was deprived of its newly regained hold on the 1,000 level, falling 6.6 to 994.2. Only a handful resisted the trend. Allianz added DM 6.50 to DM 892.50, and a buoyant engineering sector showed GHV up DM 1 at DM 137. AEG, which has sprung back into demand this week, finished 20 pf easier at DM 93.80, but this was after trading as high as DM 97.

A steadier bond market enabled the Bundesbank to sell DM 31.9m in paper. Amsterdam held up better than most, and Gist-Brocades stood out with a F1 3.50 rise to F1 164. Nedlloyd continued strongly, F1 2.90, ahead at F1 135.90, but Bos Kalis took a thumping, down F1 3.70 to F1 17.90 - a 17.2 per cent plunge which left it at a 1984 low. Nestlé was again the centre of Zurich attention amid its plan to acquire Carnation of the U.S. After the release of financing details which showed that only \$500m of the \$3bn needed would be drawn from its own reserves, active selling took its bearer shares SwFr 35 lower to SwFr 5,325 for a two-day fall of SwFr 165.

The rest of the market was barely steady, as were domestic bonds. Fiat gained against a weaker Milan trend after mapping out its planned capital increase. It put on L24 to L4,339, but after-hours it was quoted at only L4,320. Olivetti slid L151 to L5,699 ahead of a company press conference forecasting higher earnings this year. Brussels managed to hold firm, although Cockerill-Sambre shed BFr 8 to BFr 256 as its results were awaited. Stockholm weakened, as did Madrid.

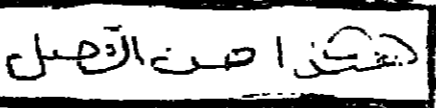
WEAKER METAL prices again provoked strong selling among leading mining stocks in Sydney, while the oil and gas sector was bolstered by successful results from the Cooper Basin. National turnover slipped from 36m to 31.7m shares, reflecting lethargic trading in the industrial sector where prices eased marginally. CRA was among the most heavily sold, losing 14 cents to A\$4.90, followed by MIM with a 5 cent fall to A\$2.75 and Renison 20 cents lower at A\$2.65. CANADA CONCERN about domestic economic problems overshadowed the election victory of the pro-business Progressive Conservative Party, and stocks could stage only a mild and partial rally. Turnover was strong. Oil stocks were again singled out by sellers and continued to lose ground captured during the run-up to Tuesday's federal elections.

Anglo American Gold Investment Company Limited

INTERIM REPORT FOR THE SIX MONTHS ENDED AUGUST 31 1984. Table showing financial performance with columns for Six months ended Aug 31 1984, Six months ended Feb 29 1984, and Year ended Aug 31 1983. Rows include Investment income, Interest earned and other income, Deduct: Administration and other expenses, Profit before taxation, Taxation, Profit after taxation, Ordinary dividends, Retained profit, Number of ordinary shares in issue, Earnings per share-cents, Dividends per share-cents, Particulars of the group's listed investments and the net asset value as follows.

On September 6 1984 dividend No. 73 of 475 cents per share (1983: 500 cents) being the interim dividend for the year ending February 28 1985 was declared payable on November 2 1984 to shareholders registered in the books of the company at the close of business on September 28 1984 and to persons presenting coupon No. 73 marked "South Africa" detached from share warrants to bearer. The transfer registers and registers of members will be closed from September 28 to October 12 1984, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about November 1 1984. Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on October 1 1984 of the rand value of their dividends (less appropriate taxes). Any such shareholders may, however, elect to be paid in South African currency, provided that the request is received at the offices of the company's transfer secretaries on or before September 28 1984.

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AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Table of American Stock Exchange Composite Closing Prices, organized by sector (A-Z) and including columns for stock name, price, and change.

Continued on Page 24

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Table of New York Stock Exchange Composite Closing Prices, organized by sector (A-Z) and including columns for stock name, price, and change.

WORLD ECONOMIC INDICATORS every Monday in the Financial Times

WORLD STOCK MARKETS

AUSTRIA

Table of Austrian stock market closing prices for Sept. 6, listing companies like Creditanstalt, Giesecke, and others with their prices and changes.

GERMANY

Table of German stock market closing prices for Sept. 6, listing companies like AEG-Telef., Allianz, and others.

NETHERLANDS

Table of Dutch stock market closing prices for Sept. 6, listing companies like ACP Holding, Alcon, and others.

FRANCE

Table of French stock market closing prices for Sept. 6, listing companies like Emprunt 1971, Emprunt 1972, and others.

CANADA

Table of Canadian stock market closing prices for Sept. 6, listing companies like Alcan, Bell Canada, and others.

GERMANY (continued)

Continuation of German stock market closing prices for Sept. 6.

NETHERLANDS (continued)

Continuation of Dutch stock market closing prices for Sept. 6.

FRANCE (continued)

Continuation of French stock market closing prices for Sept. 6.

CANADA (continued)

Continuation of Canadian stock market closing prices for Sept. 6.

NORWAY

Table of Norwegian stock market closing prices for Sept. 6, listing companies like Bergen's Bank, Christiania Bank, and others.

SPAIN

Table of Spanish stock market closing prices for Sept. 6, listing companies like Banco Bilbao, Banco Central, and others.

SWEDEN

Table of Swedish stock market closing prices for Sept. 6, listing companies like ASEA, Astra, and others.

NETHERLANDS (continued)

Continuation of Dutch stock market closing prices for Sept. 6.

FRANCE (continued)

Continuation of French stock market closing prices for Sept. 6.

AUSTRALIA (continued)

Continuation of Australian stock market closing prices for Sept. 6.

HONG KONG

Table of Hong Kong stock market closing prices for Sept. 6, listing companies like Bank East Asia, Cheong Kong, and others.

JAPAN

Table of Japanese stock market closing prices for Sept. 6, listing companies like Dai-ichi Kangyo Bank, Industrial Bank of Japan, and others.

NETHERLANDS (continued)

Continuation of Dutch stock market closing prices for Sept. 6.

FRANCE (continued)

Continuation of French stock market closing prices for Sept. 6.

AUSTRALIA (continued)

Continuation of Australian stock market closing prices for Sept. 6.

HONG KONG (continued)

Continuation of Hong Kong stock market closing prices for Sept. 6.

JAPAN (continued)

Continuation of Japanese stock market closing prices for Sept. 6.

NETHERLANDS (continued)

Continuation of Dutch stock market closing prices for Sept. 6.

FRANCE (continued)

Continuation of French stock market closing prices for Sept. 6.

JAPAN (continued)

Continuation of Japanese stock market closing prices for Sept. 6.

SINGAPORE

Table of Singapore stock market closing prices for Sept. 5, listing companies like Bourd Storage, Cold Storage, and others.

SOUTH AFRICA

Table of South African stock market closing prices for Sept. 6, listing companies like Anglo American, Anglo Coal, and others.

NETHERLANDS (continued)

Continuation of Dutch stock market closing prices for Sept. 6.

FRANCE (continued)

Continuation of French stock market closing prices for Sept. 6.

OVER-THE-COUNTER Nasdaq national market, closing prices

Large table of over-the-counter stock market closing prices for Nasdaq national market, listing various companies and their prices.

LONDON

Table of London stock market closing prices, including a section for Chief price changes and a list of various stocks.

AMERICAN STOCK EXCHANGE CLOSING PRICES

Table of American stock exchange closing prices, listing various companies and their prices.

LONDON STOCK EXCHANGE

MARKET REPORT

RECENT ISSUES

Equities benefit from revived demand for stocks with overseas earnings potential

Account Dealing Dates

First Declared Last Account Dealings Day July 28 Aug 5 Aug 13 Aug 20 Aug 27 Aug 31 Sept 1 Sept 15 Sept 22 Sept 29

Leading industrial shares with overseas earnings potential began to attract the attention of institutional investors later yesterday and London stock markets closed on a bright note.

A fall of 14 to 36p in Sun Alliance following comments on their respective interim results. Equally and Low highlighted Life issues, rising 10 to 19p, as take-over speculation revived.

FINANCIAL TIMES STOCK INDICES

Table with columns for Stock Index, Sept 6, Sept 7, Sept 8, Sept 9, Sept 10, Sept 11, Sept 12, Sept 13, Sept 14, Sept 15, Sept 16, Sept 17, Sept 18, Sept 19, Sept 20, Sept 21, Sept 22, Sept 23, Sept 24, Sept 25, Sept 26, Sept 27, Sept 28, Sept 29, Sept 30, Sept 31, Year Ago.

HIGHS AND LOWS S.E. ACTIVITY. Table with columns for High, Low, S.E. Activity.

Sentiment was aided too by an early recovery yesterday in U.S. bonds, after a steeper decline in the outlook for American interest rates.

Among Chemicals, ICI rose to 82p before easing back to close higher on balance at 62p.

Its profits forecast for the coming year leading to a rise in the share price.

Sedgwick disappoints. Reflecting disappointment with the meagre interim profits increase, Sedgwick dropped 11 to 25p.

Government stocks made a half-hearted attempt to regain part of the previous session's sharp losses.

BP advance. The 3p boost in BP's interim dividend expected a rise of only a penny.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns for Equity Groups & Sub-sections, Index, % Change, etc.

FIXED INTEREST

Table with columns for Fixed Interest, Index, % Change, etc.

sharply reduced interim earnings. Fleet Holdings hardened 2 more to 20p in continued reflection of increased stake taken by Mr Robert Maxwell's Pergamon Press, yesterday also saw the publication of Fleet's annual report.

News that black miners were to strike at five unspecified gold mines failed to deter late buyers of Golds but dealers reported a certain amount of nervousness among traders fearing an escalation of the strike action.

Financials showed minimal changes in either direction despite the former trend in Golds. Amalgam dipped 1 to 17p.

BP advance. The 3p boost in BP's interim dividend expected a rise of only a penny.

Cookson feature. Rises in many miscellaneous industrial leaders were limited to a few pence or so.

Gold firm. South African sectors of mining markets staged a minor rally.

EUROPEAN OPTIONS EXCHANGE

Table with columns for Series, Vol., Last, etc.

dividends from the Evander mines in the Gecor group and the interim results from "Amgold", which were not known during market hours.

At the close modest gains were common throughout the list and the Gold Mines index posted a 4.8 gain at 531.9.

Financials showed minimal changes in either direction despite the former trend in Golds. Amalgam dipped 1 to 17p.

BP advance. The 3p boost in BP's interim dividend expected a rise of only a penny.

Cookson feature. Rises in many miscellaneous industrial leaders were limited to a few pence or so.

Gold firm. South African sectors of mining markets staged a minor rally.

LONDON TRADED OPTIONS

Table with columns for Option, Oct., Nov., Dec., etc.

EQUITIES

Table with columns for Stock, Price, etc.

FIXED INTEREST STOCKS

Table with columns for Stock, Price, etc.

"RIGHTS" OFFERS

Table with columns for Stock, Price, etc.

NEW HIGHS AND LOWS FOR 1984

Table with columns for Stock, High, Low, etc.

WEDNESDAY'S ACTIVE STOCKS

Table with columns for Stock, Price, etc.

ACTIVE STOCKS

Table with columns for Stock, Price, etc.

OPTIONS

Table with columns for Stock, Price, etc.

RISES AND FALLS YESTERDAY

Table with columns for Stock, Rise, Fall, etc.

LONDON TRADED OPTIONS

Table with columns for Option, Price, etc.

FT-SE INDEX 1095.3 +12.7 1095.3 1095.3 1095.3

FT LONDON SHARE INFORMATION SERVICE

HOTELS—Continued

Table with columns: High, Low, Stock, Price, % Chg, Div, Yield, P/E. Includes entries like Holiday Inn, Holiday Inns, etc.

INDUSTRIALS (Miscel.)

Large table listing various industrial companies with columns for High, Low, Stock, Price, % Chg, Div, Yield, P/E. Includes companies like ICI, British Petroleum, etc.

ENGINEERING—Continued

Table listing engineering companies with columns for High, Low, Stock, Price, % Chg, Div, Yield, P/E. Includes companies like Balfour Beatty, etc.

DRAPERY & STORES—Cont.

Table listing drapery and stores companies with columns for High, Low, Stock, Price, % Chg, Div, Yield, P/E. Includes companies like Debenhams, etc.

BEERS, WINES—Cont.

Table listing beer and wine companies with columns for High, Low, Stock, Price, % Chg, Div, Yield, P/E. Includes companies like Carlsberg, etc.

AMERICANS

Table listing American companies with columns for High, Low, Stock, Price, % Chg, Div, Yield, P/E. Includes companies like American Express, etc.

BUILDING INDUSTRY, TIMBER AND ROADS

Table listing building industry, timber, and roads companies with columns for High, Low, Stock, Price, % Chg, Div, Yield, P/E. Includes companies like Bovis Lend Lease, etc.

ELECTRICALS

Table listing electrical companies with columns for High, Low, Stock, Price, % Chg, Div, Yield, P/E. Includes companies like British Telecom, etc.

BRITISH FUNDS

Table listing British funds with columns for High, Low, Stock, Price, % Chg, Div, Yield, P/E. Includes funds like Short's, Five to Fifteen Years, etc.

CANADIANS

Table listing Canadian companies with columns for High, Low, Stock, Price, % Chg, Div, Yield, P/E. Includes companies like Canadian Pacific, etc.

BANKS, HP & LEASING

Table listing banks, home products, and leasing companies with columns for High, Low, Stock, Price, % Chg, Div, Yield, P/E. Includes companies like Bank of America, etc.

CORPORATION LOANS

Table listing corporation loans with columns for High, Low, Stock, Price, % Chg, Div, Yield, P/E. Includes companies like British Petroleum, etc.

COMMONWEALTH AND AFRICAN LOANS

Table listing commonwealth and African loans with columns for High, Low, Stock, Price, % Chg, Div, Yield, P/E. Includes companies like Anglo-African, etc.

LOANS

Table listing various loans with columns for High, Low, Stock, Price, % Chg, Div, Yield, P/E. Includes companies like British Petroleum, etc.

Hire Purchase, Leasing, etc.

Table listing hire purchase, leasing, etc. with columns for High, Low, Stock, Price, % Chg, Div, Yield, P/E. Includes companies like British Petroleum, etc.

Public Board and Ind.

Table listing public board and industrial companies with columns for High, Low, Stock, Price, % Chg, Div, Yield, P/E. Includes companies like British Petroleum, etc.

Financial

Table listing financial companies with columns for High, Low, Stock, Price, % Chg, Div, Yield, P/E. Includes companies like British Petroleum, etc.

CHEMICALS, PLASTICS

Table listing chemicals and plastics companies with columns for High, Low, Stock, Price, % Chg, Div, Yield, P/E. Includes companies like ICI, etc.

DRAPERY AND STORES

Table listing drapery and stores companies with columns for High, Low, Stock, Price, % Chg, Div, Yield, P/E. Includes companies like Debenhams, etc.

FOOD, GROCERIES, ETC

Table listing food, groceries, etc. companies with columns for High, Low, Stock, Price, % Chg, Div, Yield, P/E. Includes companies like Asda, etc.

ENGINEERING

Table listing engineering companies with columns for High, Low, Stock, Price, % Chg, Div, Yield, P/E. Includes companies like Balfour Beatty, etc.

HOTELS AND CATERERS

Table listing hotels and caterers companies with columns for High, Low, Stock, Price, % Chg, Div, Yield, P/E. Includes companies like Holiday Inn, etc.

2 Day Management Training Programmes - Time Manager - Stress Manager. Includes logo for time manager international.

BRITISH FUNDS

Table listing British funds with columns for High, Low, Stock, Price, % Chg, Div, Yield, P/E. Includes funds like Short's, Five to Fifteen Years, etc.

Five to Fifteen Years

Table listing five to fifteen year funds with columns for High, Low, Stock, Price, % Chg, Div, Yield, P/E. Includes funds like British Petroleum, etc.

Over Fifteen Years

Table listing over fifteen year funds with columns for High, Low, Stock, Price, % Chg, Div, Yield, P/E. Includes funds like British Petroleum, etc.

Undated

Table listing undated funds with columns for High, Low, Stock, Price, % Chg, Div, Yield, P/E. Includes funds like British Petroleum, etc.

Index-Linked

Table listing index-linked funds with columns for High, Low, Stock, Price, % Chg, Div, Yield, P/E. Includes funds like British Petroleum, etc.

INT. BANK AND O'SEAS GOVT STERLING ISSUES

Table listing international bank and overseas government sterling issues with columns for High, Low, Stock, Price, % Chg, Div, Yield, P/E. Includes companies like British Petroleum, etc.

FOREIGN BONDS & RAILS

Table listing foreign bonds and rails with columns for High, Low, Stock, Price, % Chg, Div, Yield, P/E. Includes companies like British Petroleum, etc.

Handwritten text at the bottom of the page, possibly a signature or note.

INDUSTRIALS—Continued

Table of industrial stocks including companies like British Petroleum, Shell, and ICI, with columns for stock price, high/low, and other financial metrics.

LEISURE—Continued

Table of leisure stocks including companies like British Airways, British Telecom, and British Gas, with columns for stock price, high/low, and other financial metrics.

PROPERTY—Continued

Table of property stocks including companies like British Land, Wimpey, and Taylor Woodrow, with columns for stock price, high/low, and other financial metrics.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like British American Investment Trust, British Columbia Investment Trust, and British European Investment Trust, with columns for stock price, high/low, and other financial metrics.

OIL AND GAS—Continued

Table of oil and gas stocks including companies like British Petroleum, Shell, and ICI, with columns for stock price, high/low, and other financial metrics.

DAIWA BANK advertisement with logo and contact information for London, Frankfurt, and Tokyo.

MINES—Continued

Table of mining stocks including companies like Anglo American, De Beers, and Anglo Coal, with columns for stock price, high/low, and other financial metrics.

INSURANCES

Table of insurance stocks including companies like British American Insurance, British Columbia Insurance, and British European Insurance, with columns for stock price, high/low, and other financial metrics.

LEISURE

Table of leisure stocks including companies like British Airways, British Telecom, and British Gas, with columns for stock price, high/low, and other financial metrics.

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AUTHORIZED UNIT TRUSTS

Table listing various authorized unit trusts such as Abbey Unit Tr. Mngs. (a), British Columbia Group-Continued, and others, with columns for fund names, managers, and performance metrics.

F.T. CROSSWORD PUZZLE No. 5,511

- CROSS ACROSS
1 Slipping beam right towards the stern (8)
4 Bore in prospect but rich (4-2-1)
10 Sole cleaner at the threshold (7)
11 Fish with a pin (7)
12 Offence taken by some of them, if foiled (4)
13 Tender name? It could be . . . (10)
14 . . . short name, possibly taken in circular letter (8)
15 Enter led him into local - nothing more (10)
20 Formal chief in pie-pen (7)
21 'Bolt' - See the gathering; (6)
22 This takes him into local - nothing more (10)
26 The stickiness of some sea-farer (7)
28 Confidence-giving underwriter (7)
29 Sculptor's work animated with refreshment at festival (7)
30 Treating with bandage, perhaps (8)
31 Crazy to free capital (6)

Crossword puzzle grid with numbers 1-31 indicating starting positions for the clues.

Solution to Puzzle No. 5,510

Grid showing the solution to the previous crossword puzzle, with words filled in.

FT UNIT TRUST INFORMATION SERVICE

Main table of FT Unit Trust Information Service, listing various unit trusts, their managers, and performance data. Includes sections for Key Fund Managers, Perpetual Unit Trust Mngts., and various other fund categories.

INSURANCES

Table listing various insurance companies and their services, including AA Prudential Society and others.

Financial Times Friday September 7 1984

Table of Financial Times data, including City of Westminster Assurance, General Portfolio Unit Tr. Mngs., and various other financial products and services.

Handwritten text at the bottom of the page, possibly a signature or note.

INSURANCE, OVERSEAS & MONEY FUNDS

Table listing various insurance and investment funds, including Life Assurance Co. Ltd, Overseas Life Assurance Co. Ltd, and various international funds. Columns include fund names, managers, and performance metrics.

Table listing insurance and investment funds, including Target Life Assurance Co. Ltd, Overseas Life Assurance Co. Ltd, and various international funds. Columns include fund names, managers, and performance metrics.

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OFFSHORE AND OVERSEAS

Table listing offshore and overseas investment funds, including various international and offshore funds. Columns include fund names, managers, and performance metrics.

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Money Market

Trust Funds

Bank Market

Bank Accounts

Table listing bank market and bank account information, including various bank services and account details. Columns include bank names, account types, and interest rates.

Notes and disclaimers regarding the financial data, including information about the source of the data and the accuracy of the information.

COMMODITIES AND AGRICULTURE

Crude oil stocks decline in U.S.

BY NANCY DUNNE IN WASHINGTON

THE DECLINE in U.S. crude oil stocks continued last week. Stocks fell to 342m barrels, down from 346.6m barrels the previous week. They stood at 357.9m barrels at the end of June and have been decreasing consistently...

Apple and pear body gets vote of confidence

THE Apple and Pear Development body representing British growers, is to continue its work for another five years. Mr Michael Hopkins, Agriculture Minister, announced yesterday. The decision follows a survey of members...

Harvest success poses sales problems

THE DETERMINING factor for grain yield is the size of the berry—the individual grain. If the growing season has been favourable with sufficient moisture and warmth, there is every chance that the berry will be big and bold and weigh well. This will be increased if there is an absence of diseases and pests...

Farmer's viewpoint: by John Cherrington

seems to have its recuperative powers. Even so, it was a great deal better than the spring barley or rather one variety, Triumph, which averaged 13 tonnes an acre. The other spring variety, Atem, was quite good with one field approaching an acreage yield of 3 tonnes.

Cocoa still more active futures market

COCOA held its position of most heavily traded commodity on the London futures market last month with a total of 94,973 lots. However, this was well down from the 123,214 lots it registered in August 1983.

More aluminium cuts

ALUMINIUM prices recovered some more lost ground on the London Metal Exchange yesterday following news of further production cuts in North America. Alcoa, the world's biggest producer, announced plans to reduce output by nearly 50,000 tonnes a year to keep stock levels under control.

Methods used in UK slaughterhouses attacked

UK SLAUGHTERHOUSE practices have been based on misapprehension for the last 50 years, Mr Neil King, a senior vice president of the British Veterinary Association, said yesterday. He predicted that a reform of slaughterhouse procedure would be "the biggest breakthrough I can see."

Methods used in UK slaughterhouses attacked

for the animal to be killed, its brain destroyed and heart stopped and the meat quality will still not be impaired. He predicted that a reform of slaughterhouse procedure would be "the biggest breakthrough I can see."

Wool futures

Wool futures prices were mixed in London yesterday. The market opened slightly lower, reflecting a rise in physical prices. Speculators buying prices up to new highs on the physical market pushed up wool futures prices.

PRICE CHANGES

Table with columns: In tonnes unless stated otherwise, Sept 6 1984, + or -, Month ago. Rows include Metals, Oil, and other commodities.

BRITISH COMMODITY PRICES

Table with columns: Commodity, Price. Rows include BASE METALS, COPPER, NICKEL, SILVER, TIN, ZINC, and other commodities.

AMERICAN MARKETS

Table with columns: Commodity, Price. Rows include NEW YORK, COCOA TO TONNES, WOL FUTURE, POTATOES, COFFEE, RUBBER, and other commodities.

LONDON OIL

The gas oil market opened higher against physical contracts as the attractive API figures, it continued firm throughout the day, closing close to the high. Reports of a recovery in the turnover: 2,289 (2,510) lots of 100 tonnes.

SPOT PRICES

Table with columns: Commodity, Price. Rows include CRUDE OIL, Gas Oil, and other commodities.

GOLD MARKETS

Gold rose \$24 to \$340.341 on the London bullion market yesterday. It opened at \$340.340 and was fixed at \$340.30 in the morning, and \$340.50 in the afternoon. The metal touched a peak of \$340.341, and a low of \$339.339.

LONDON FUTURES

Table with columns: Commodity, Price. Rows include Gold, Silver, and other futures.

EUROPEAN MARKETS

Table with columns: Commodity, Price. Rows include Wheat, Soyabean Meal, and other European market commodities.

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar eases on profit taking

The dollar finished below Wednesday's record levels but retained a very firm undertone on fears of higher U.S. interest rates...

for the pound rose to close at \$1.2850-1.2860 against the dollar, a rise of 48 points. It was also higher against the D-mark...

and showed mixed changes against other currencies. The dollar rose to another 11-year high at the fixing of DM 2.9525...

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Country, Currency, % change from previous day, % change from 1984 start, % change from 1983 start.

THE POUND SPOT AND FORWARD

Table with columns: Day's spread, Close, One month, % Three months, % Six months.

THE DOLLAR SPOT AND FORWARD

Table with columns: Day's spread, Close, One month, % Three months, % Six months.

OTHER CURRENCIES

Table with columns: Country, Currency, Rate.

CURRENCY MOVEMENTS

Table with columns: Country, Currency, Movement.

CURRENCY RATES

Table with columns: Country, Currency, Rate.

EXCHANGE CROSS RATES

Table with columns: Country, Currency, Rate.

EURO-CURRENCY INTEREST RATES

Table with columns: Term, Rate.

MONEY MARKETS

UK interest rates were lower yesterday, reflecting a downward trend in the U.S. dollar and renewed hopes of early settlement to the six-month oil strike by UK mine workers...

UK rates lower as tension eases

£25m and banks brought forward balances £50m below target. A rise in the coin circulation also drained £15m.

LONDON MONEY RATES

Table with columns: Term, Rate.

DISCOUNT HOUSES DEPOSIT AND BILL RATES

Table with columns: Term, Rate.

FT LONDON INTERBANK FIXING

Table with columns: Term, Rate.

MONEY RATES

Table with columns: Term, Rate.

NEW YORK (Lunchtime)

Table with columns: Term, Rate.

FINANCIAL FUTURES

Prices firm

Prices were firmer on the London International Financial Futures Exchange yesterday in nervous trading awaiting further developments in the British industrial situation and last night's weekly money supply figures from the U.S.

Prices were also firmer, as interest rates eased back on the London money market, and the pound showed signs of a slight recovery. December short-term deposits opened at 8.25, and finished 8.25, near the day's high of 8.41, at 8.25, compared with the previous settlement of 8.24.

U.S. TREASURY BONDS

Table with columns: Term, Rate.

U.S. TREASURY BONDS (CBT)

Table with columns: Term, Rate.

U.S. TREASURY BILLS (TMM)

Table with columns: Term, Rate.

STERLING (IMM) \$s per £

Table with columns: Term, Rate.

U.S. TREASURY BILLS (TMM)

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Credit where it's due. The Best Approach to Foreign Exchange and Futures. Includes text about forwards and spot markets.

Advertisement for CORTX featuring a cartoon character and text about computer services for foreign exchange.

\$ WORLD VALUE OF THE DOLLAR

Table with columns: Country, Currency, Value of Dollar.

Large table with columns: Country, Currency, Value of Dollar, and other financial data.

INTERNATIONAL CAPITAL MARKETS

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for September 6.

Table of international bond issues with columns for Issued, Bid, Offer, Change, and Yield. Includes sections for U.S. Dollars, DEMONSTRATION, and SWISS FRANC.

Table of international bond issues with columns for Issued, Bid, Offer, Change, and Yield. Includes sections for OTHER STRAIGHTS and DEMONSTRATION.

Table of international bond issues with columns for Issued, Bid, Offer, Change, and Yield. Includes sections for DEMONSTRATION and DEMONSTRATION.

Table of international bond issues with columns for Issued, Bid, Offer, Change, and Yield. Includes sections for DEMONSTRATION and DEMONSTRATION.

OVER-THE-COUNTER

Table of over-the-counter bond prices with columns for Stock, Sales, High, Low, Last, and Chng.

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Advertisement for U.S. \$100,000,000 GRAM Finance N.V. 13% Guaranteed Notes Due August 22, 1989. Includes logo and contact information for Salomon Brothers International Limited.

Advertisement for Great American First Savings Bank Federal National Mortgage Association. Lists various international partners and branches.

Advertisement for MULTIBANCO COMERMEX, S.A. Floating Rate Subordinated Notes due 1992. Includes details on interest rate and payment terms.

Advertisement for BRASILEST S.A. Net asset value as of 4th September, 1984. Lists share prices for different series.

Advertisement for WELLS FARGO & COMPANY U.S. \$150,000,000 Floating Rate Subordinated Notes due 1994.

Advertisement for NEDLIBRA FINANCE B.V. US\$300,000,000 Guaranteed Floating Rate Notes due 1989.

Legal formula on U.S. bonds drafted

BY MAGGIE URRY IN LONDON. THE PROBLEMS which have beset the Eurobond market since the repeal of U.S. withholding tax seem to be resolved at last. Yesterday the draft of a legal formula to protect investors from being forced to reveal their identity if they hold U.S. corporate bearer bonds was agreed by leading Eurobond houses.

Table titled 'WEEKLY U.S. BOND YIELDS (%)' showing yields for various bond categories like Government, Corporate, and Municipal.

Goodison criticises investment industry

BY CHARLES BATCHELOR IN LONDON. SIR Nicholas Goodison, chairman of the London Stock Exchange, yesterday criticised the \$250bn Eurobond market for not having 'the reputation for honesty that it should' in a wide-ranging attack on standards of regulation outside the UK exchange.

Advertisement for Jardine Matheson (Finance) Limited. HK\$1,000,000,000 9 1/2% Guaranteed Unsecured Loan Stock 1984/95.

Advertisement for NITSUBISHI CORPORATION 7 1/2% Convertible Bonds due 1990. Includes details on conversion and interest.

Advertisement for NITSUBISHI CORPORATION 6 1/2% Convertible Debentures due 1994. Includes details on conversion and interest.

Advertisement for NITSUBISHI CORPORATION 6 1/2% Convertible Debentures due 1994. Includes details on conversion and interest.